Republic Economic NEWSLETTER

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A Tale of Disparate Performances

OVERVIEW

With divergent trends recorded among the leading indicators for key sectors, the domestic economy could best be described as a mixed bag during the fourth quarter of 2017. Although, the net effect of the disparate performances (economic activity) was estimated to be positive when compared to the previous quarter, it fell relative to the fourth quarter of 2016. During the period, the domestic output of both oil and gas registered modest increases, while the prices of both fuels moved in different directions (oil prices up, gas prices down). In the non-energy sector, preliminary information suggests that construction activity weakened further during the fourth quarter of 2017, while the distribution sub-sector continued to struggle. Overall, Republic Bank estimates that the domestic economy expanded by 1.5 percent in the quarter ending December 2017, compared to the previous quarter, while unemployment likely reached 4.8 percent. Between October and December 2017, inflation remained subdued, averaging 1.5 percent and ending the year at 1.3 percent. Activity on the stock market was moderate, with a 2 percent advance of the Composite Price Index from the end of the previous quarter and 4.7 percent from the end of 2016.

TRINIDAD AND TOBAGO KEY ECONOMIC INDICATORS

INDICATOR	2016	2016.4	2017.4 p/e
Real GDP (% change)	-6.0	4.4*	1.5
Retail Prices (% change)	3.1	0.6	0.8
Unemployment Rate (%)	4.0	3.6	4.8
Fiscal Surplus/Deficit ($M)	-8,986	-2,468.0	-228.3
Bank Deposits (% change)	4.25	1.9	2.0
Private Sector Bank Credit (% change)	4.1	2.0	3.6
Net Foreign Reserves (US$M)	12,204	12,204.1	11,083.8
Exchange Rate (TT$/US$)	6.62/6.67	6.71/6.77	6.74/6.78
Stock Market Comp. Price Index	1,209.5	1209.50	1,266.35
Oil Price (WTI) (US$ per barrel)	43.33	49.18	55.27
Gas Price (Henry Hub) (US$ per mmbtu)	2.51	3.04	2.90

Source:
Central Bank of Trinidad and Tobago, TTSE, Energy Information Administration
p – Provisional data
e – Republic Bank Limited estimate
* – Estimate based on CBTT's Index of Economic Activity

ENERGY SECTOR

The sector continued to benefit from the start-up of output from the Juniper platform and other gas related projects, which were launched earlier in 2017. Gas production averaged 3.5 billion cubic feet per day (bcf/d) in the fourth quarter of 2017, up slightly from 3.4bcf/d in the third. After the launch of Juniper in the third quarter, gas output which had struggled to surpass the 3.4bcf/d mark during the first seven months of the year, reached 3.8bcf/d in December and 3.9bcf/d in January 2018. Despite this, LNG output declined marginally in the fourth quarter (0.3 percent), while the downstream sector suffered mixed fortunes. Output of ammonia and methanol expanded slightly by 1.2 percent and 1.4 percent, respectively, while production of urea fell 31.3 percent, after 53.7 percent growth in the previous quarter. In terms of oil production, small gains (0.3 percent) were recorded between October and December 2017. However, the West Texas Intermediate (WTI) price of the commodity rose to an average of US$55.27 from US$48.16, largely as a result of the decision by OPEC to extend its production quota agreement to the end of 2018. On the other hand, Henry Hub gas prices fell to an average of US$2.90 per million British thermal units (MMBTU) from US$2.95. Exploration activity cooled appreciably during the period, with depth drilled falling 51.8 percent and rig days declining by 35.5 percent.

In response to the severe challenges confronting the domestic energy sector, the government and key state-owned energy companies have signalled their intention to improve their returns. For its part, the government is seeking to renegotiate LNG contracts with the relevant companies to improve revenue streams to the state. State-owned oil company, Petrotrin has taken the decision to split its operations into two distinct business units, one focusing on exploration and production and the other on refining and marketing. This move is seen by the company as an important step to remedy its unprofitability, huge debt stock and general inefficiencies. Following the breakdown of negotiations with Caribbean Nitrogen Company (CNC) for a new gas supply contract in January 2018, the National Gas Company (NGC) cut its gas supply to the company. This resulted in a brief period of finger-pointing between both companies and the closure of CNC's ammonia plant for seven weeks. However, by the middle of March, the companies came to an agreement, which was due to be formalised at the time of writing.

NON-ENERGY

Weak aggregate demand continue to suppress activity in the non-energy sector, as reflected by the seventh consecutive fall in the retail sales index in the third quarter of 2017. This trend is estimated to have continued in the fourth quarter of 2017, despite the usual seasonal boost provided to certain sub-sectors by Christmas and activities related to the lead-up to Carnival. During the period, new motor vehicle sales, which are used as a gauge of activity in the distribution sector, expanded by 15.8 percent over the previous quarter, but fell by 6.9 percent on a year-on-year (y-o-y)

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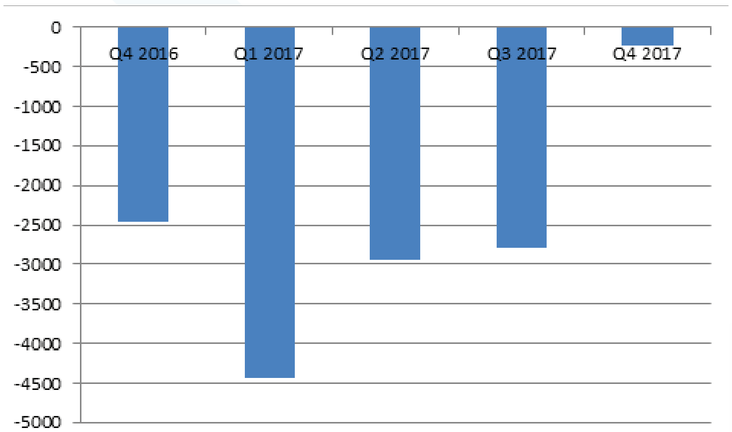
basis. Available data for cement sales suggest that the slump in construction activity continued in the final quarter of 2017, with an 8.1 percent fall when compared to the third quarter and a 6.9 percent contraction y-o-y. Additionally, the continued disruption of transportation services on the sea bridge has served to constrain economic activity in Tobago.

FISCAL

Between October and December 2017, government recorded a smaller fiscal deficit of $228.3 million compared to $2,468 million in the same period in 2016 (Figure 1). The improvement was the result of a 13.2 percent increase in total revenue, combined with an 11.3 percent decline in expenditure. The outturn on the revenue side was due primarily to higher oil prices and increased gas production, which pushed energy sector receipts to $2,211.8 million, up from $1,150.1 million. However, non-energy revenue also increased by $570.6 million or 9.1 percent. The fall in expenditure was the result of lower spending in both the capital and re-current categories.

Figure 1: Government Revenue (TT$Mn)



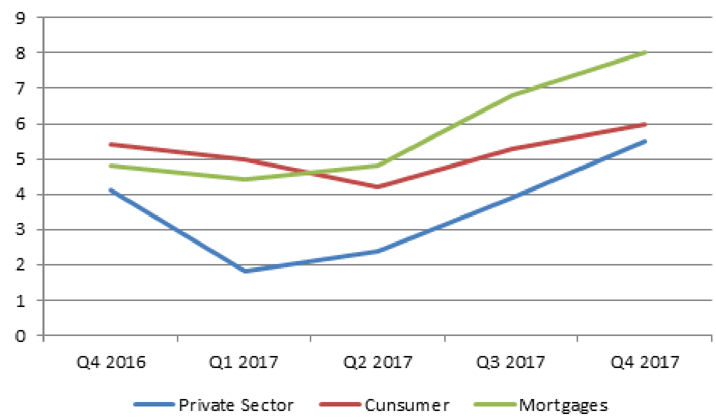
Source: Central Bank of Trinidad and Tobago

MONETARY

In its last monetary policy announcement for 2017 in November, the Central Bank's Monetary Policy Committee (MPC) decided to maintain the 'Repo' rate at 4.75 percent. This decision was made in the context of a weak domestic economy and low inflation on one hand and the further narrowing TT/US interest rate spreads on the other. After considering both factors and with the expectation that the US Federal Reserve was going to increase the Fed Funds rate in December 2017, the MPC maintained, what it refers to as a neutral policy stance. In December, US rates were increased further, causing the differential between the TT and US 91-day treasury rates to turn negative. By the end of December, the US Treasury bill rate reached 1.39 percent, while the domestic Treasury bill rate stood at 1.21 percent. In March 2018, US rates were increased yet again by 25 basis points, with two more increases expected later in the year. As a consequence, the MPC may face an increasingly complicated task going forward, since the continued erosion of spreads will increasingly cause local investors to seek more attractive investments abroad, increasing both capital flight and foreign exchange pressures in the process.

With the Repo rate unchanged, the commercial banks' average prime lending rate remained at 9.08 percent in December 2017. During the last three months of the year, the demand for credit was fairly healthy, with private sector credit (business credit) increasing by 3.6 percent over the previous quarter and 5.5 percent above the level recorded in the same period in 2016 (Figure 2). Similarly, there were expansions in consumer loans and mortgage loans of 6 percent and 8 percent (y-o-y), respectively during the fourth quarter.

Figure 2: Credit Growth (% Chg.)



Source: Central Bank of Trinidad and Tobago

RESERVES

Unfortunately, the rise in energy revenue was not enough to significantly boost the country's reserves of foreign exchange and in this regard, the market remains very tight. During the fourth quarter of 2017, the level of foreign currency reserves fell marginally to 9.7 months of import cover (net foreign position of $11,083.8 million) from 9.8 in the previous quarter and from 10.5 a year earlier. At the same time, the net sale of foreign currency fell by 15.3 percent from the previous quarter to US$333 million and was well below the US$518 million recorded during the same period in 2016. The US-TT exchange rate remained at TT$6.78 per US$1.

OUTLOOK

Economic activity is expected to expand marginally during the first half of 2018, based largely on the exploits of the energy sector, as more consistent gas output and oil prices averaging between US$55 – $58 per barrel are envisaged for the period. As a result, government fiscal accounts may record a minor improvement, but are expected to remain in a bind. In the non-energy sector, the arrival of a new passenger ferry in April should mitigate the challenges, which have blighted inter-island travel in recent times, but not eliminate them completely. Given weak demand, the distribution sector is not forecasted to grow during the period, while further delays in government projects could extend the slide of the construction sector. In terms of inflation, despite some upward pressure, no drastic price increases are expected during the period. In short, the first six months of 2018 will be a continuation of the tale of disparate performances.

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CARIBBEAN UPDATE

2020 VISION

OVERVIEW

In *Navigating the State of Flux* – REN issue of June 2017- we noted the significant and unexpected changes being experienced by some of the World's leading countries and trading blocs. This time it is regional states facing major issues, some new, some recurring. It is said that hindsight is 20/20 vision. The ability to perfectly evaluate a situation and decide on the best course of action, is remarkably easy after the events have already unfolded. In the grand scheme of things, "Hindsight" can be considered a microcosm of being judged by history. People that made decisions and took courses of action that have stood the test of time, did so because they possessed 20/20 vision, not after the fact, but in real time. Today, whether it is political reform, economic structure, national development or the well-being of citizens, virtually all the region's leaders are standing at crossroads of one type or another. While bravado, combativeness and short-sightedness abound, what is really needed is vision; and not just any vision, 20/20 vision. Some of our challenges are new but many are not; however the stakes are higher. How will history judge us?

BARBADOS

Despite a few relatively positive developments, Barbados' challenges not only persisted in the second half of 2017, but intensified. Driven largely by tourism and construction activity, the economy is estimated to have grown by 1 percent in 2017, down from 2 percent the previous year. Tourist arrivals grew by 6.2 percent to 486,000 last year, due to healthy increases in United States (US) and Canadian visitors. However, continuing a recent trend, the length of stay declined by 4.3 percent for the period January – September, and the amount spent almost surely followed suit. Inflation picked up, with average prices increasing by an estimated 3.5 percent in 2017.

Fiscal consolidation saw the narrowing of the budget deficit to US$199.8m for April December, down by a third from US$298m a year earlier; however, the fiscal deficit remains high, at an estimated 3.5 percent of GDP in 2017. This keeps pressure on Barbados' debt- to-GDP ratio which tops the region at 145 percent. Foreign reserves continued to fall, dropping to a 22-year low of US$205m in December, equivalent to 6.6 weeks of import cover. Not surprisingly, the hits kept on coming in the new year. On January 10th the regional rating agency CariCRIS announced its decision to reduce its foreign currency and local currency ratings for Barbados by one notch to CariBBB- and CariBBB, respectively. Investment is likely to experience a period of stasis in the coming months, due to the uncertainty that attends general elections. On a positive note, in January, Barbados was removed from a European Union (EU) list of countries deemed to be tax havens issued in December 2017.

CUBA

In an interesting development, on February 2nd, Cuba's national statistics office published its national accounts data for 2016 which estimated growth of 0.5 percent, a reversal of the 0.9 percent contraction initially stated. The large revision to 2016's GDP data calls into question the government's estimate of growth of 1.6 percent in 2017. Given that the 2017 performance now has to be compared to a higher output figure for 2016, any revision of the 2017 growth figure is likely to be downward. What isn't in question, is Cuba's continued strong tourism numbers. The latest statistics from the Ministry of Tourism show that Cuba received 4.7m visitors in 2017, a new record and a 16 percent increase compared to 2016.

Cuba is on the cusp of a number of far-reaching changes, but gauging the direction, timing and pace of the changes seems likely to be harder than predicting hurricane damage. The long-outstanding currency unification process appears to be back on the front-burner, with President Raúl Castro stating that it could not be postponed any longer. Vice President of the council of Ministers, Marino Murillo, later disclosed that a working paper on unification is to be unveiled in March 2018. Restrictions on private enterprise proposed in December, are expected to be bolstered by additional restrictions present in a draft paper seen in February. In March, Miguel Diaz-Canel, the 57-year-old vice president who is expected to replace Raul Castro as president at the National Assembly on April 19th, pledged that Cuba's next government would be more responsive to its people who in turn will participate in the decisions taken by the government.

GRENADA

On November 27th 2017, Prime Minister Dr. Keith Mitchell presented the EC$1.1b fiscal package for 2018 in which Grenada's economic growth for 2017 was provisionally estimated at 4.5 percent. While the agriculture sector continued to struggle, much of the growth was due to strong performances by the construction, tourism, manufacturing, transport and private education sectors. Robust growth in construction sector activity was evidenced by a 24.9 percent increase in building material imports and a 12.4 percent increase in building material sales. The Grenada Tourism Authority has stated that the island hosted 146,359 stay-over visitors in 2017, an 8 percent increase over the previous year. As has been the case with most Caribbean countries in recent years, US visitors contributed significantly to the increase. The country's citizenship by investment (CBI) programme, also had a successful year, with a 108 percent increase in applications. The average annual inflation rate was unchanged at 1.7 percent.

With greater collections by state agencies and expenditure having been kept in check, Grenada expects to realise a 2017 fiscal surplus of 2.2 percent of GDP. The country's debt situation also continues to improve steadily, with public sector debt, inclusive of PetroCaribe debt, falling to 81.4 percent of GDP in 2017, from 93.2 percent of GDP in 2016. After being placed on an EU blacklist for jurisdictions deemed to be tax havens, Grenada along with seven other countries were removed from the list on January 23rd, following "commitments made at a high political level to remedy EU concerns". In some more positive news, in early March it was announced that the Russian company, Global Petroleum Group (GPG) found significant quantities of oil and gas in Grenada's waters. On March 13th incumbent Prime Minister Dr. Keith Mitchell and his New National Party repeated their feat of 2013, by winning all 15 seats in the country's general election.

GUYANA

It can be reasonably said that Guyana's growth rate for 2017, was below expectation. In the wake of a 45,000 ounce shortfall in gold declarations last year, Finance Minister Winston Jordan cautioned in late January, that with both sugar and gold not coming in on target, 2017's growth rate will have to be revised further (originally, government had projected that Guyana's economy would have grown by 2.9 percent in 2017). Having made the decision to sell some of its sugar estates, government has decided to borrow GY$10-15b to fund the operations of the Skeldon and Enmore sugar estates while it searches for buyers over the next 6-9 months. Guyana's unemployment rate was 12 percent in the third quarter of 2017.

Few countries are living through changes of the magnitude currently being experienced by Guyana. On February 28th ExxonMobil Corporation announced its seventh oil discovery offshore Guyana, following drilling at the Pacora-1 exploration well. A senior company official indicated that this find, together with those earlier will help bring Guyana's oil production to more than 500,000 barrels per day. Despite the string of positive news, serious potential challenges abound. On January 31st, the United Nations referred the country's longstanding border controversy with Venezuela to the International Court of Justice (ICJ). Mindful of the potential risks of the "resource curse" (whereby countries rich in natural resources have worse economic outcomes and lower levels of democracy), the Granger government has taken steps to mitigate the potential for waste and corruption. The authorities have created the Petroleum Commission of Guyana Bill 2017, applied for membership to the Extractive Industries Transparency Initiative and is discussing the creation of a sovereign wealth fund. However, thus far the progress made on combating corruption, has been modest.

SURINAME

With Suriname having jettisoned its IMF programme in May last year, official data on the country has been less timely. The economy is estimated to have contracted by approximately 1.6 percent in 2017, however the revision of 2016's GDP growth rate from -10.4 percent to -5.1 percent, is likely to make the contraction last year even greater. The current account balance is likely to have switched back into positive territory, as the growth in exports exceeded that of imports. The exchange rate has stabilised and the inflation rate has been steadily declining. Inflation fell from 52.4 percent in December 2016 to 9.2 percent a year later. Consequently, the average inflation rate for 2017 was 22 percent compared to 55.5 percent for 2016. Increased gold production has bolstered foreign reserves from US$381.1m at the end of 2016 to US$424.4m in December 2017. Reserves continued to increase, reaching US$443.6m at the end of February this year. However, government's expenditure continued to surpass its revenue, with the 2017 fiscal balance estimated to be – 7.7 percent of GDP. The trend is set to continue as Suriname's 2018 draft budget estimates revenue at Sr$5.5b (US$739m) and total expenditure at Sr$6.3b, resulting in a deficit of Sr$800m, or 2.8 percent of GDP. In the context of successive fiscal deficits and a contraction in GDP, public debt is estimated to have risen to 83 percent of GDP. On February 20th, Moody's Investor Services downgraded the long-term issuer and senior unsecured rating of the Government of Suriname from B1 to B2 with a negative outlook.

REGION

Despite its disciplined approach to its IMF programme, Jamaica registered lower-than-expected growth of 0.6 percent for 2017. While growth was supported by mining and tourism, it was curbed by a disappointing performance in agriculture. Strong tourist arrivals continue to be boosted by US visitors, with Americans accounting for over 60 percent of the island's arrivals. Tourism, along with mining and agriculture, is expected to contribute to stronger growth in 2018.

By and large, members of the Organisation of Eastern Caribbean States (OECS) registered solid economic growth in 2017. Like most countries in the region, they enjoyed healthy visitor arrivals figures, with US tourists being the driving force in many cases. St. Lucia was the best performer, with an 11 percent increase in arrivals in 2017. Thirty million tourists visited the region in 2017, a 1.75 percent increase over 2016. The related indicators were less encouraging however. According to Caribbean Tourism Organization statistics, room occupancy, at 66.4 percent, declined by 1.2 percent, average daily room rate was US$204.64, up by 1.9 percent and revenue per available room at US$137.85 was up by just 0.7 percent.

OUTLOOK

With the economies of Canada and Europe on a stable footing, and strong growth expected in the US, the region's tourism dependent countries should continue to see healthy visitor arrivals over the next six months. The fiscal positions of the respective governments are unlikely to improve measurably on the back of strong arrivals however, as in recent years revenue from tourism has not been keeping pace with arrivals, and the recent rise in oil prices is likely to increase expenditure. Further, economic growth will only strengthen if investment and construction activity are healthy and other sectors such as agriculture and mining make positive contributions. The long-suffering commodity exporters should see relatively improved revenues in the short term due to some higher commodity prices and increased output. For most of these countries, economic growth will depend on the extent to which the key sector is able to drive activity in other significant sectors.

A BRIEF LOOK AT GHANA

Political Stability

Upon celebrating 61 years of independence earlier this month, the people of Ghana could reminisce with great pride on how far they have come as a nation. On March 6th, 1957, Ghana was the first "black-African" country, south of the Sahara, to gain independence from colonial rule. This historical feat was indeed quite remarkable at that time but, new challenges were on the horizon and the good citizens of Ghana quickly realised that self-governance was not a simple task. Political instability lingered for decades until 2000, when finally for the first time in their history, one elected president peacefully succeeded another. Up to this day, Ghana has one of the most stable socio-political environments in West-Africa and this is sustained in spite of the fierce rivalry that exists between the two main parties, the ruling New Patriotic Party (NPP) and the National Democratic Congress (NDC).

Interesting Facts

- Ghana shares borders with Burkina Faso, Togo and Côte-d'Ivoire
- Ghana has a total of thirteen public holidays
- The president is commander-in-chief of the army and has executive power
- Parliament is unicameral in structure
- Judicial system is based on British common law, traditional law and the 1992 constitution
- The hottest months of the year are February and March
- The Northern region suffers from recurrent droughts

Rich Culture

Besides a stable democracy, the people of Ghana can also be proud of their rich heritage and multi-cultural diversity. The population of around 28.2 million consists of a number of ethnic groups, which include Akan, Mole-Dagbani, Ewe, Ga-Dangme, Guma, Guan and Grusi. Christians make up the majority of the population but Islam and other indigenous religions are practised by the rest of the population. English is their official language but, Asante Twi dialect, Ewe and Fante are still widely spoken.

Located on the coast of the Gulf of Guinea, this country offers 238,535 square kilometres of stunning wildlife, sunny beaches and beautiful hinterland. The tropical climate and dusty harmattan winds from the Sahara Desert for the first three to four months of the year, provide a unique weather experience. Some of the popular tourist attractions include the Labadi beach, Cape Coast, the National Museum, the National Theatre, Mole National Park, the capital city of Accra and Lake Volta, which is the largest artificial lake (by surface area) in the world.

Diverse Economy

The country's main resources include oil and gas, cocoa, gold, timber, fish, industrial diamonds, silver, bauxite, manganese, rubber, salt, limestone and hydropower. Ghana is a major exporter of both crude oil and cocoa and it is also the second largest producer of gold on the continent. Currently, the services sector is the most dominant, contributing 55.9 percent towards overall output, followed by industry (25.6 percent) and agriculture (18.5 percent). While agriculture's share of the entire economy is the smallest, it remains the major source of formal employment in the country.

Ghana's Top Exporting Partners

- The Netherlands
- The UK
- France
- The United States of America
- Germany

Economic Recap for 2017

Real GDP growth was estimated to be around 7.9 percent in 2017 and this was mainly attributed to the performance of the industry sector (includes mining and quarrying, manufacturing, electricity, construction and water and sewerage sub-sector), which was estimated to have expanded by 17.7 percent. The slight improvement in global oil prices coupled with higher production of oil and gas were the main drivers of growth for this sector. Ghana's energy sector has responded positively during the period of weak international energy prices. After flourishing from an oil boom in 2010-2013, economic activity subsided and real GDP growth fell from a high of 14 percent in 2011 to 3.5 percent in 2016. However, the energy sector has remained resilient with a steady uptick in output from the Tweneboa, Enyenra and Ntomme (TEN) oilfields, which commenced operations in August, 2016. Last year, the services and agriculture sectors also contributed to overall growth, as they were both estimated to have expanded by 4.7 percent and 4.3 percent, respectively.

Government fiscal operations were tighter, as a fiscal deficit of 4.6 percent of GDP was recorded during the first nine months of 2017, which was better than both the budgeted target of 4.8 percent of GDP and the deficit of 6.4 percent in the same period of 2016. Total revenues and grants were 9.3 percent below the budgeted target of GH₵31,346.4 million because of delays in the implementation of tax measures and lower than expected growth in the services sector. However, total government expenditure (including clearance of arrears) also fell short of the budgeted target, as a result of prudent government spending measures.

With a reduction in the fiscal deficit and the implementation of debt re-profiling, Ghana's debt burden was reduced from 73.3 percent of GDP as at the end of December, 2016 to 68.7 percent of GDP at the end of November, 2017. The debt re-profiling programme was instrumental in lowering domestic interest payments and reducing the short-term debt as a share of the total domestic debt. The government's mature handling of public finances was reflected in Ghana's recent credit ratings, as Standard and Poor's revised the long-term outlook from stable to positive in October, 2017.

In 2017, headline inflation declined to 12.4 percent from 17.5 percent in the previous year, which was mainly due to exchange rate stability and cautious monetary control. The Monetary Policy Committee of the Bank of Ghana had cumulatively reduced the Monetary Policy Rate (MPR) from 25.5 percent in January, 2017 to 20 percent in December, 2017. During the same period, the cedi depreciated against the US dollar at a much slower rate than in 2016. The exchange rate stood at GH₵4.5878/US$1.00 in December, 2017 compared to GH₵4.2715/US$1.00 in December, 2016. The stability of the currency was buoyed by improved foreign exchange inflows mainly from energy exports and consequently, the foreign reserves position improved from US$6,161.8 million (3.5 months of import cover) in December, 2016 to US$7,554.8 million (4.3 months of import cover) in December, 2017.

Ghana has a solid banking industry, consisting of a total of 34 licenced banks with a branch network of 1,483 across all ten regions of the nation. Out of the total licenced banks, 17 are domestically owned and the other 17 are foreign-controlled. In 2017, the industry remained solvent, liquid and profitable. Core liquid assets and broad liquid assets increased annually by 9.6 percent and 19.7 percent, respectively. The banking sector registered a capital adequacy ratio of 17.9 percent in December, 2017 which was well above the industry's prudential limit of 10 percent. While return on assets (ROA) and return on equity (ROE) moderated in December, net operating income and net interest income both expanded by 11.1 percent and 12.6 percent, respectively. Private sector credit improved with year-on-year growth of 5.1 percent in December, 2017, up from a 0.3 percent contraction in December, 2016. This positive outcome arose despite tighter lending conditions, which are being implemented by all commercial banks to help improve asset quality and repair balance sheets. Going forward, the banking industry should benefit from improved compliance and sound risk management measures, as all banks are expected to be Basel II/III compliant and to meet the industry's new minimum paid up capital by December, 2018.

2018: Positive Outlook

Ghana is in the final year of its $918 million IMF programme, which was extended until December, 2018 to ensure that all targets are met. This demonstrates the nation's commitment to staying on the course of sound fiscal management, sustainable growth and higher human development. Strong economic growth is expected for this year and initial data indicates that Ghana is in line to rival India as the fastest growing economy for 2018. Although output from the Jubilee field will be lower this year due to maintenance work on the Floating Production Storage and Offloading (FPSO) platform, expansion of operations from both Tullow and Eni will provide sufficient impetus for growth in hydrocarbon production. The non-oil sector is expected to slow down as cocoa production is set to decline with inadequate rainfall forecasted for the period. Nevertheless, export earnings from gold should be decent and while international gold prices are expected to decline slightly, gold output would most likely be sustained for the period.

Key Economic Indicators

	2014	2015	2016	2017e
Real GDP Growth (%)	4.0	3.8	3.5	7.9
Inflation (Avg.) (%)	15.5	17.2	17.5	12.4
Fiscal Balance (% of GDP)	-10.1	-7.0	-9.3	-5.4
Debt/GDP (%)	70.2	72.2	73.3	70.5
Gross Foreign Reserves (US$M)	4,349	5,884.7	6,161.8	7,554.8
Exchange Rate (GH₵/US$)	3.0958	3.8185	3.9873	4.4466

Sources: International Monetary Fund, Bank of Ghana, Ghana Statistical Services
e – Estimate