

GRENADA



Photo Credit: David Bullen

ANNUAL ECONOMIC AND FINANCIAL REVIEW

DECEMBER 2021



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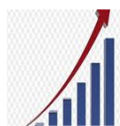
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Description of Datasets

DATASETS	Actual Data	Estimated Data	Last updated
Gross Domestic Product (GDP)	Preliminary estimates based on actual and estimated data, January - December 2021		February, 2022
Tourism	January - December, 2021	February, 2022
Consumer Price Index (CPI)	January - December, 2021	February, 2022
Fiscal and Debt Data	January - December, 2021	February, 2022
External Sector (Trade)	January - September, 2021	October - December 2021	February, 2022
Banking Sector	January - December, 2021	February, 2022
Notes:			
Actual: Data have been provided by the member country.			
Estimated: Data have been estimated by the Eastern Caribbean Central Bank (ECCB) in the absence of complete/full details in the submission by the member country.			
Last Updated: Date when actual data/estimates were last updated and/or posted to the ECCB Website.			
.....: not applicable			

GRENADA

OVERVIEW



After experiencing the deepest recession in recorded history, triggered by the COVID-19 pandemic, the Grenadian economy showed signs of recovery in 2021.



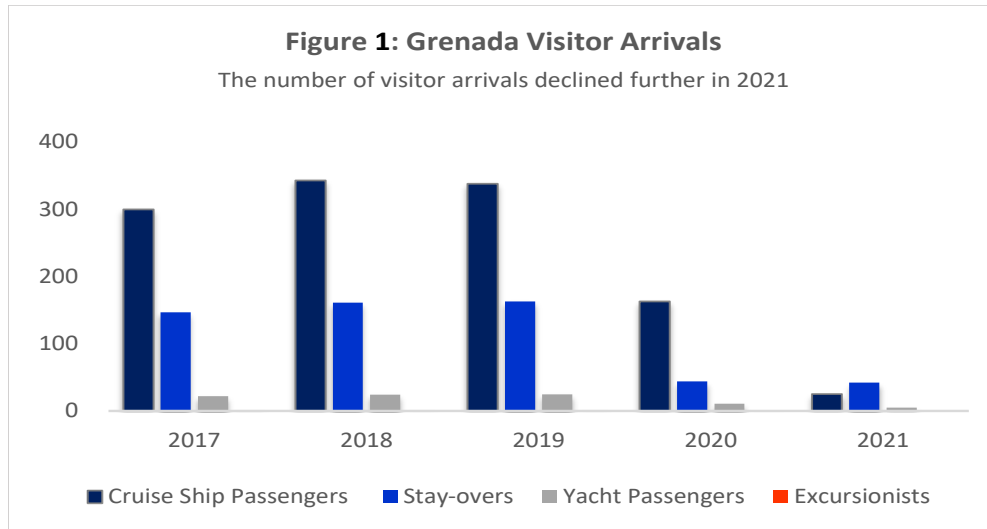
Preliminary estimates indicate that the economy expanded by 5.7 per cent, following a contraction of 13.8 per cent in 2020. According to staff estimates, the economy would need to expand by 16.0 per cent cumulatively to completely recover from the pandemic.



The economy is expected to remain on the path to recovery in 2022, barring any growth inhibiting factors such as the Russian-Ukraine war, adverse developments related to the coronavirus and global commodity price movements.

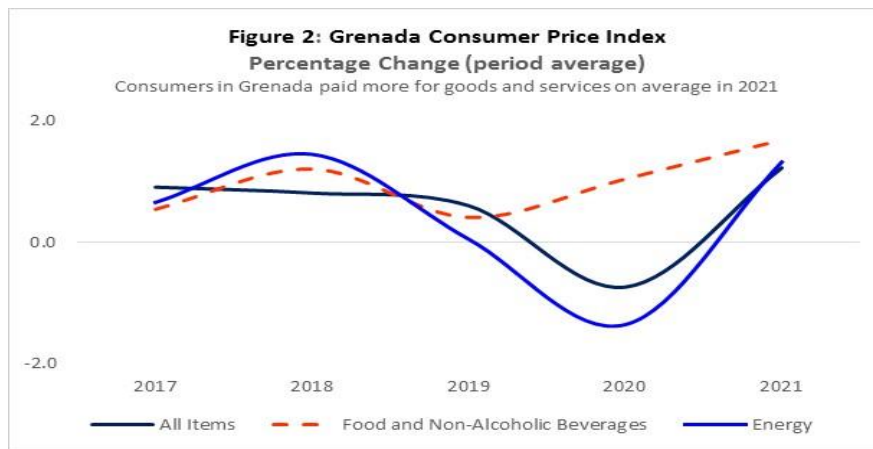
THE ECONOMY (REAL SECTOR)

During 2021, economic output increased in the major economic sectors including manufacturing (7.0 per cent), agriculture (9.0 per cent), wholesale and retail trade (9.1 per cent), construction (30.0 per cent), and tourism (40.3 per cent). Meanwhile, cruise passenger arrivals, which have been low by historic standards, continued to dampen activity in the transport, storage and communications sector, which contracted by 7.9 per cent. Total visitor arrivals amounted to 71,861, a further 66.9 per cent decline from the level in 2020 and considerably lower than levels prior to the pandemic (Figure 1). Stay over arrivals fell at a decelerated rate of 3.9 per cent year-on-year.



CONSUMER PRICES

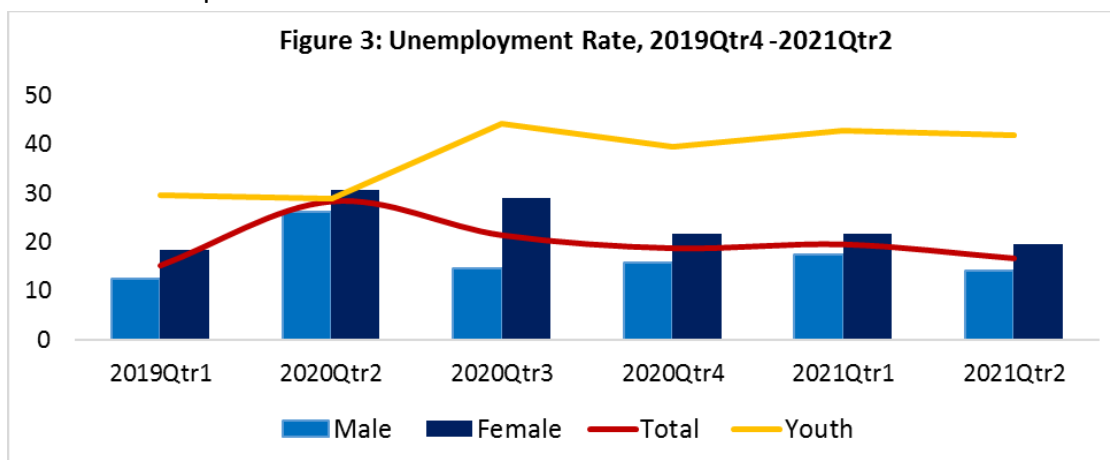
Fueled by supply chain disruptions and soaring global oil prices, Grenada’s inflation rate reached the highest level in the last 5-years (Figure 2). The Consumer Price Index (period average) rose by 1.2 per cent in 2021, following a contraction of 0.7 per cent in 2020. Higher prices of food; housing, utilities, fuel and gas; health; and transport were the main contributors to the spike in the CPI.



UNEMPLOYMENT

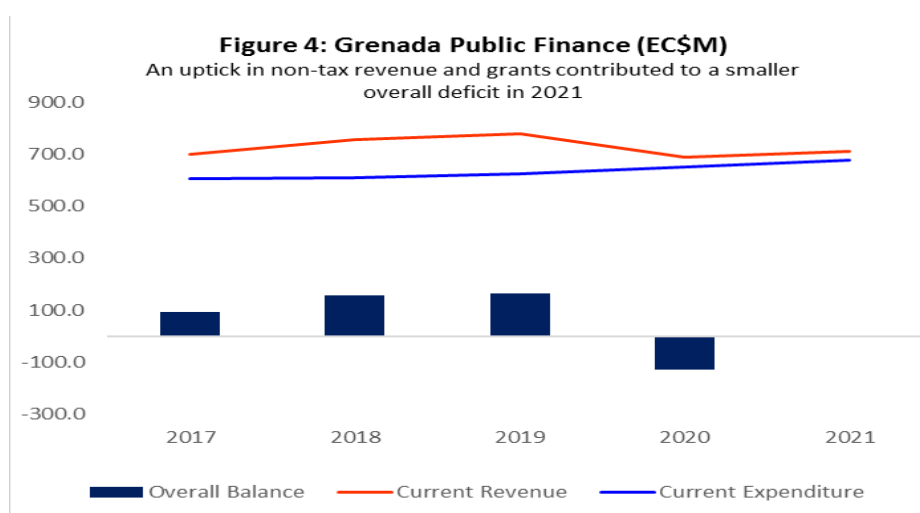
Labour market conditions improved in the second quarter of 2021, when compared with the last quarter of 2020 (Figure 3). The unemployment rate declined to 16.6 per cent from 18.7 per cent in the last quarter of 2020. However, youth unemployment rose to 42.0 per cent from 39.5

per cent, for the comparable periods. The gap between male and female unemployment widened in second quarter of 2021.



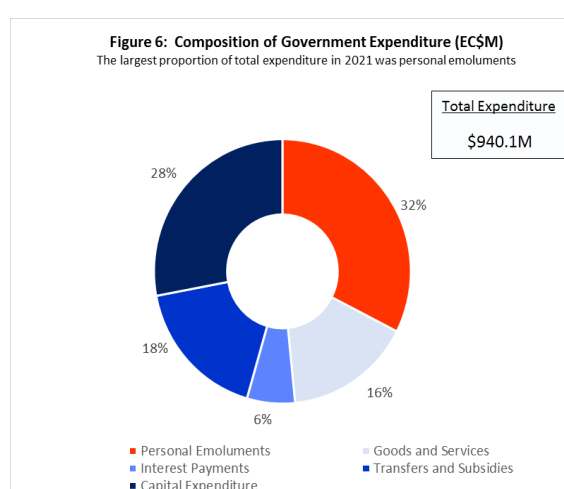
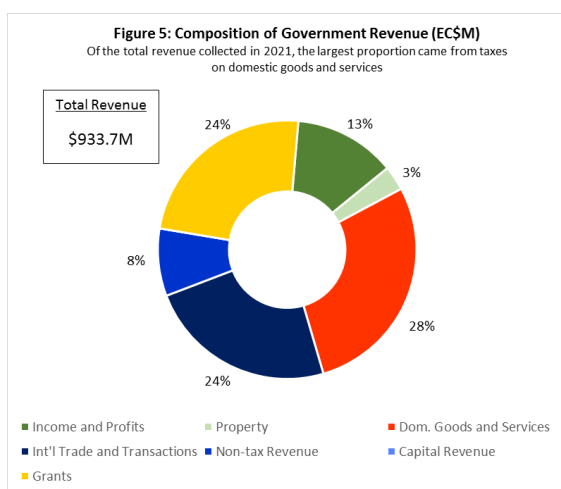
GOVERNMENT OPERATIONS (FISCAL AND DEBT)

The Covid-19 pandemic continued to have undesirable effects on Grenada’s fiscal position in 2021, prompting the Government to invoke the Escape Clause of the Fiscal Responsibility Legislation (FRL) for a second consecutive year. The overall balance remained in a deficit position, amounting to \$6.4m (0.2 per cent of GDP), albeit significantly lower than the deficit of \$128.1m (4.6 per cent of GDP) recorded in 2020 (Figure 4). However, this fiscal balance was a notable departure from the pre-pandemic 5-year average surplus of \$85.6m.



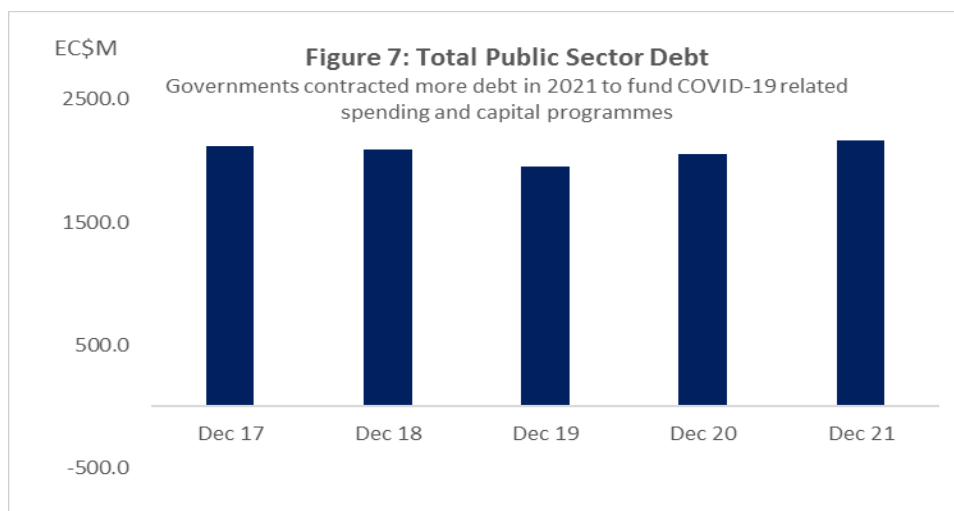
Non-tax revenue pushed total current revenue upwards by \$22.4m to \$712.0m in 2021 (23.5 per cent of GDP), but below the levels of 2018-2019 when the country began to reap the gains from its fiscal reforms (Figure 5). Tax receipts continued to underperform falling by a further 1.4 per

cent to \$633.2m, associated with lower intake from property tax and taxes on incomes and profits. However, non-tax revenue rose by 66.3 per cent to \$78.8m due to a combination of factors including stronger flows from the Citizenship by Investment Programme (CIP). Current expenditure totaled \$677.2m (22.4 per cent of GDP), exceeding the previous year by 4.1 per cent and the pre-pandemic 5-year average by 18.0 per cent (Figure 6). Relative to 2020, the government spent more on personal emoluments (10.6 per cent), goods and services (12.6 per cent) and interest payments (1.6 per cent), while spending on transfers and subsidies fell by 11.0 per cent. These outcomes caused the current account surplus to contract by 10.3 per cent to \$34.7m (1.2 per cent of GDP).



On the capital account, grants more than doubled amounting to \$221.7m, supporting capital expenditure of \$262.9m (8.7 per cent of GDP). Grant inflows surpassed the pre-pandemic 5-year average by \$131.1m, mainly on account of contributions into the National Transformation Fund from the CIP.

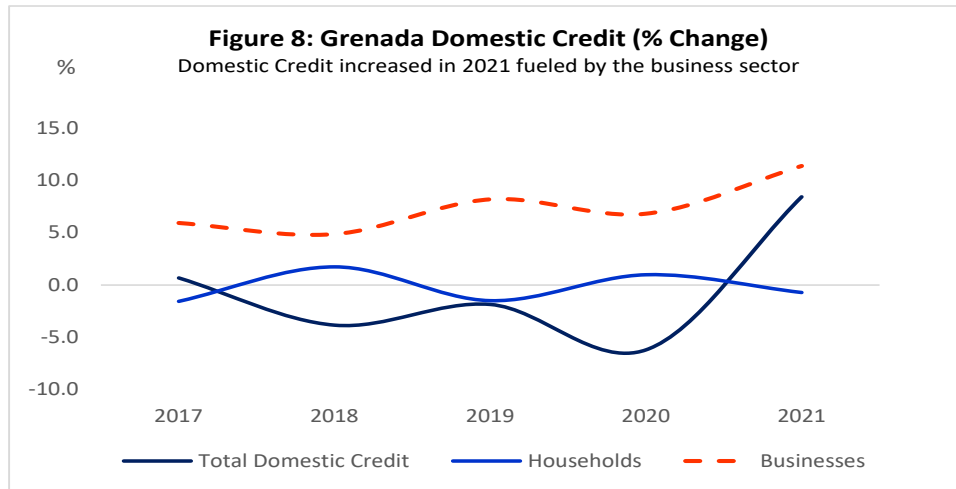
The public sector debt portfolio rose by \$114.5m to \$2,167.6m (71.6 per cent of GDP) in 2021, of which central government debt increased by \$116.8m to \$2,106.0m mainly to support its capital programme and to finance a second COVID-19 Economic Support Stimulus (Figure 7). Conversely, the debt stock of public corporations fell by \$2.4m to \$61.6m.



BANKING SECTOR DEVELOPMENTS

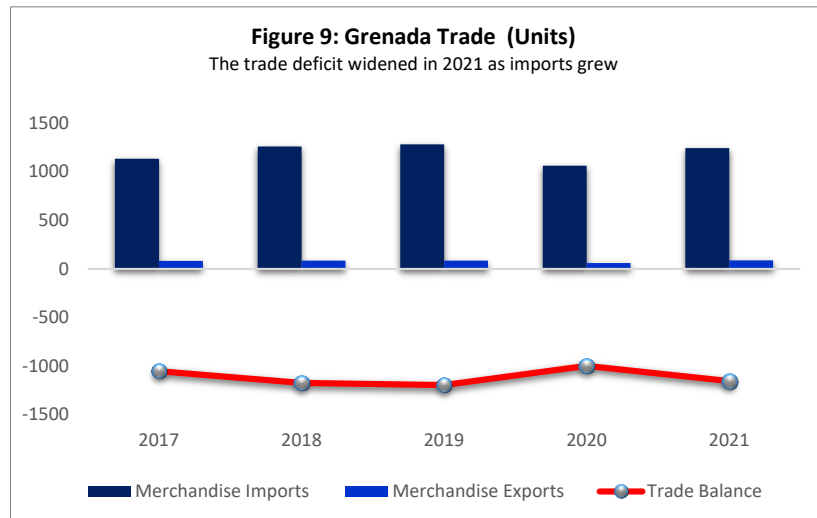
Domestic credit rose by 8.4 per cent to \$1,348.7m in 2021, after declining by 6.2 per cent to \$1,243.9m in 2020, mainly led by private sector activity (See Figure 8). This level of growth was the strongest since 2016. Private sector claims grew by 3.8 per cent, more than doubling the average rate of growth of the past 5 years (1.6 per cent). This represented an 11.4 per cent growth in business credit, while that of households fell by 0.7 per cent. Meanwhile, credit to government fell by 23.3 per cent, reverting to the levels in 2015-2016 (\$74.0m). Consistent with greater commercial bank lending and the general uptick in economic activity, deposits in the banking system rose on aggregate. Broad money liabilities rose by 8.5 per cent, reversing the contraction of 1.2 per cent in 2020, and almost tripling the average rate of growth of the previous 5 years. This reflected stronger growth in transferable deposits in national currency (26.1 per cent) and foreign currency (9.2 per cent).

Non-performing loans as a percentage of gross loans inched up by 70 basis points to 2.9 per cent while the lending capacity (loans to deposits ratio) of commercial banks improved by 0.6 basis points to 51.5 per cent.



EXTERNAL TRADE

The trade deficit widened by 15.7 per cent year-on-year to \$1,157.7m (38.3 per cent of GDP), surpassing the 5-year pre-pandemic average by 12.6 percentage points (See Figure 9). Import payments surged above the pre-pandemic 5-year average by 11.2 per cent and by 17.2 per cent year-on-year to \$1,243.4m reflecting greater domestic demand and higher global commodity prices. Export receipts returned to pre-pandemic levels amounting to \$85.7m as a result of greater inflows from agricultural and manufactured goods.



OUTLOOK

Grenada's near term economic outlook is hinged on a number of factors. In the absence of the materialization of the macroeconomic risks related to the Russia-Ukraine war and global inflationary pressures, **the economy is expected to continue to expand in 2022**. This expansion will be driven by:

- The Public Sector Investment Programme and tourism developments, which will boost construction activity.
- The lifting of COVID-19 lockdowns and restrictions in advanced economies will catalyze the recovery of the tourism sector, underpinned by targeted marketing strategies.
- Increased domestic and regional demand for agricultural and manufactured goods.

However, the speed of recovery could be dampened by macroeconomic downside risks such as:

- Slower global economic growth due to the adverse effects of the Russia-Ukraine war.
- The ongoing supply-chain disruptions and rising inflationary pressures, which could reduce real incomes and simultaneously increase costs for the productive sectors.

Furthermore, climatic risks remain a continuing threat as a result of its potential to disrupt economic activity.

TABLES

The five-year formatted tables for the ECCU's main economic sectors

- Table G1 – Selected Economic Indicators
- Table G2 – Central Government Fiscal Operations
- Table G3 – Monetary Survey
- Table G4 – Selected Tourism Statistics

Table G1
Grenada - Selected Economic Indicators

	2017 ^R	2018 ^R	2019 ^R	2020 ^R	2021 ^P
<i>(Annual Percentage Change Unless Otherwise Indicated)</i>					
National Income and Prices					
Nominal Gross Domestic Product (GDP) at Market Prices	6.03	3.63	4.03	(14.02)	7.43
Real GDP at Market Prices	4.44	4.36	0.68	(13.76)	5.71
Deflator	1.53	(0.70)	3.33	(0.30)	1.63
Consumer Prices (end of period)	0.53	1.41	0.07	(0.80)	1.92
Consumer Prices (period average)	0.91	0.81	0.60	(0.74)	1.22
<i>Real Gross Value Added (GVA) at basic prices</i>					
Agriculture, Livestock and Forestry	(19.53)	3.00	(3.57)	(14.96)	8.97
Fishing	1.40	2.50	2.00	(13.00)	18.39
Mining and Quarrying	5.51	3.43	4.98	(8.18)	23.67
Manufacturing	2.70	9.44	3.19	(10.24)	7.04
Electricity and Water	1.08	5.44	3.21	(6.44)	2.46
Construction	29.07	12.56	(3.62)	(20.53)	30.00
Wholesale and Retail Trade	9.26	7.80	1.76	(15.38)	9.05
Hotels and Restaurants	4.99	9.87	4.09	(68.21)	40.34
Transport, Storage and Communications	5.08	8.18	0.52	(25.63)	(7.85)
Transport and Storage	10.88	8.08	4.20	(33.06)	(12.62)
Communication	(6.22)	8.40	(7.94)	(6.30)	1.00
Financial Intermediation	2.42	7.01	2.86	4.29	5.49
Real Estate, Renting and Business Activities	2.48	1.75	1.48	(7.02)	1.44
Public Administration, Defence & Compulsory Social Security	(1.01)	(3.82)	(0.77)	(1.96)	6.27
Education	4.63	(4.84)	4.17	(0.26)	1.95
Health and Social Work	0.94	5.88	(3.81)	(1.71)	2.35
Other Community, Social & Personal Services	1.44	1.90	1.60	(11.35)	1.54
Activities of Private Households as Employers	0.45	1.51	0.55	(4.29)	(0.00)
FISIM	1.09	14.26	3.55	(6.22)	(15.27)
<i>(In percent of GDP)</i>					
External Sector					
Public Sector External Debt (end-of-period)	47.34	48.19	43.12	54.51	54.33
Central Government					
Current Account Balance	3.10	4.68	4.72	1.37	1.15
Current Revenue	23.03	24.00	23.75	24.48	23.52
Current Expenditure	19.93	19.32	19.03	23.10	22.38
Capital Expenditure and Net Lending	2.65	2.76	2.62	9.58	8.69
Overall Fiscal Balance	3.01	4.92	4.96	(4.55)	(0.21)
<i>(in percent per annum)</i>					
Monetary Sector					
Weighted Deposit Interest Rates	1.33	1.31	1.24	1.09	1.19
Weighted Lending Interest Rates	7.99	7.56	7.21	6.37	6.20
<i>(in millions of EC dollars, unless otherwise stated)</i>					
Memo					
Nominal GDP at Market Prices	3,039.35	3,149.59	3,276.41	2,817.21	3,026.55
Real GDP at Market Prices	2,369.63	2,472.98	2,489.71	2,147.21	2,269.84
Merchandise Imports (f.o.b)	998.60	1,109.43	1,127.73	933.67	1,094.22
Merchandise Exports	81.12	84.45	84.51	60.21	85.72
Gross Visitor Expenditure	390.58	568.34	572.45	158.04	170.01
GDP per capita (EC\$)	27,266.82	28,131.63	29,103.47	24,901.35	26,601.40

Source: Central Statistics Office, Ministry of Finance, Planning, Economy, Energy and Cooperatives, Grenada and Eastern Caribbean Central Bank

Data as at 15 February 2022

Table G2
Grenada - Central Government Fiscal Operations
(In millions of Eastern Caribbean dollars)

	January to December				2021	Average	Average
	2017	2018	2019	2020		2015 to 2019	2016 to 2020
Current Revenue	700.07	755.88	777.99	689.57	711.98	691.36	715.02
Tax Revenue	670.04	723.08	737.43	642.17	633.17	655.58	677.97
Taxes on Income and Profits	140.60	153.93	151.27	134.96	118.92	134.96	141.61
Of which:							
Personal	60.60	64.51	70.82	65.88	64.63	61.62	64.22
Company/Corporation	80.00	89.42	80.45	69.08	54.28	73.34	77.38
Taxes on Property	24.28	29.28	39.63	34.79	28.72	28.08	77.38
Taxes on Domestic Goods and Services	282.08	296.46	301.13	260.90	263.95	274.71	280.41
Of which:							
Value-added Tax	235.62	249.48	252.21	216.88	221.30	230.48	234.46
Stamp Duties	5.07	5.77	5.90	2.53	4.31	5.93	5.59
Licences	18.22	18.98	18.86	19.42	17.12	18.22	18.42
Taxes on International Trade and Transactions	223.08	243.41	245.39	211.53	221.58	217.82	225.58
Of which:							
Import Duty	76.51	84.20	84.45	73.70	80.43	75.60	77.74
Customs Service Charge	55.02	61.49	62.89	50.92	59.44	55.17	55.98
Non-Tax Revenue	30.03	32.81	40.57	47.40	78.82	35.78	37.05
of which: Citizenship by Investment	4.86	3.25	8.03	17.28	29.86	7.16	7.37
Current Expenditure^{1/}	605.89	608.48	623.47	650.84	677.24	574.06	610.83
Personal Emoluments	265.19	264.30	266.66	276.37	305.62	252.61	264.83
Goods and Services	126.51	130.67	132.82	132.95	149.66	116.70	128.11
Interest Payments	80.98	63.24	60.64	55.90	56.78	75.41	68.61
Domestic	21.54	17.99	16.02	15.32	16.23	21.45	18.76
External	59.44	45.25	44.62	40.58	40.55	53.96	49.84
Transfers and Subsidies	133.22	150.26	163.35	185.62	165.19	129.34	149.28
Of which: Pensions	35.27	38.96	44.79	47.53	48.90	36.36	39.67
Current Account Balance	94.17	147.41	154.52	38.73	34.74	117.30	104.19
Capital Revenue	-	-	-	-	-	0.03	0.00
Grants	78.07	94.29	93.53	103.12	221.72	90.61	93.80
Of which: Capital Grants	64.20	74.93	75.70	84.83	180.73	75.20	74.73
Capital Expenditure	80.62	86.84	85.68	269.90	262.88	122.27	131.52
Of which: Capital Expenditure	80.62	86.84	85.68	269.90	262.88	119.38	128.64
Primary Balance after grants	172.60	218.10	223.01	(72.16)	50.37	161.08	135.07
Overall Balance after grants	91.63	154.85	162.37	(128.05)	(6.41)	85.67	66.47
Financing	(91.63)	(154.85)	(162.37)	128.05	6.41	(85.67)	(66.47)
Domestic	(46.82)	(92.98)	(169.15)	34.57	(58.10)	(90.14)	(62.85)
ECCB (net)	14.50	(67.68)	(1.04)	74.07	(57.19)	(20.19)	3.83
Commercial Banks (net)	(76.32)	(13.02)	(20.23)	(71.08)	(31.39)	(27.80)	(34.58)
Other	15.00	(12.28)	(147.88)	31.58	30.48	(42.15)	(32.10)
External	(44.81)	(61.87)	6.78	93.49	64.51	(5.59)	(4.46)
Net Disbursements/(Amortisation)	(44.81)	(61.87)	6.78	93.49	64.51	(5.59)	(4.46)
Disbursements	45.49	29.56	95.87	181.80	161.35	74.47	83.85
Amortisation	90.30	91.43	89.09	88.31	96.84	80.06	88.31
Change in Government Foreign Assets	-	-	-	-	-	-	-
Arrears	-	-	-	-	-	10.06	0.83
Domestic	-	-	-	-	-	0.34	0.36
External	-	-	-	-	-	9.72	0.48
Other Financing	-	-	-	-	-	-	-

Source: Ministry of Finance, Planning, Economy, Energy and Cooperatives, Grenada and ECCB Estimates

^{1/} Some reclassifications were made from January 2016 to reflect the New Chart of Accounts, where necessary

Data as at 13 July 2022

Table G3
Grenada - Monetary Survey
(EC\$M at end of period)

	2017	2018	2019	2020	2021 P	Moving Averages	
						2015 - 2019	2016 - 2020
Net Foreign Assets	1,053.70	1,315.16	1,400.42	1,720.73	1,919.12	1,116.50	1,293.05
Claims On Non-Residents	1,638.79	1,870.21	1,906.03	2,088.02	2,367.78	1,665.35	1,805.89
Central Bank	526.34	623.49	632.39	785.58	875.43	568.74	622.34
Other Depository Corporations (Commercial Banks)	1,112.45	1,246.73	1,273.64	1,302.43	1,492.35	1,096.62	1,183.55
Liabilities To Non-Residents	585.09	555.06	505.61	367.29	448.66	548.85	512.83
Central Bank	0.05	0.08	0.09	0.08	0.13	1.74	0.07
Other Depository Corporations (Commercial Banks)	585.04	554.98	505.52	367.21	448.53	547.11	512.77
Net Domestic Assets	1,381.11	1,303.28	1,290.84	938.05	965.54	1,342.07	1,248.82
Domestic Claims	1,405.36	1,351.37	1,326.22	1,243.94	1,348.68	1,383.78	1,344.58
Net Claims On General Government	(200.33)	(329.90)	(363.66)	(446.49)	(448.22)	(248.72)	(306.44)
Claims On General Government	63.42	44.24	48.32	103.83	79.66	60.98	66.49
From Central Bank	-	-	-	-	-	1.66	-
From Other Depository Corporations	63.42	44.24	48.32	103.83	79.66	59.31	66.49
Liabilities To General Government	263.75	374.14	411.98	550.33	527.89	309.70	372.94
Claims On Other Sectors	1,605.69	1,681.28	1,689.89	1,690.43	1,796.91	1,632.50	1,651.02
Claims On Other Financial Corporations (Non-Bank Financial Institutions)	6.44	6.88	0.74	1.21	1.51	6.42	4.79
Claims On Public Non-Financial Corporations	47.14	79.27	65.78	15.88	58.72	55.37	49.46
Claims On Private Sector	1,552.10	1,595.13	1,623.37	1,673.34	1,736.68	1,570.71	1,596.77
Claims On Other Non-Financial Corporations (Business Credit)	514.13	539.19	583.40	623.22	694.22	518.30	549.05
Claims On Other Resident Sectors (Households and Non-profit institutions)	1,037.97	1,055.94	1,039.97	1,050.12	1,042.46	1,052.42	1,047.72
Other Items (Net)	(24.25)	(48.10)	(35.39)	(305.88)	(383.14)	(41.71)	(95.76)
Broad Money Liabilities (M2)	2,434.81	2,618.43	2,691.25	2,658.78	2,884.66	2,458.57	2,541.87
Narrow Money (M1)	751.89	856.22	919.24	825.31	1,026.01	763.62	806.16
Currency Outside Depository Corporations	151.38	143.85	138.60	160.78	188.08	140.21	146.05
Currency Issued By Central Bank (Currency In Circulation)	208.70	205.48	202.76	225.16	259.01	200.06	207.37
Less Holdings Of National Currency By Odc (Commercial Banks)	57.32	61.63	64.17	64.38	70.93	59.86	61.32
Transferable Deposits, In National Currency	600.51	712.37	780.64	664.54	837.93	623.42	660.11
Quasi Money	1,682.92	1,762.21	1,772.01	1,833.47	1,858.65	1,694.94	1,735.71
Other Deposits, In National Currency	1,479.43	1,502.82	1,512.77	1,542.22	1,540.57	1,489.26	1,501.35
Foreign Currency Deposits	203.49	259.39	259.25	291.25	318.08	205.68	234.36
Memo Items							
Liquidity Ratios							
Liquid assets to total assets	42.27	45.04	43.65	46.82	44.92	42.07	44.54
Liquid assets to short-term liabilities	46.14	48.19	47.72	53.23	50.85	45.46	49.23
Customer deposits to total (noninterbank) loans	167.78	170.54	177.01	181.63	182.13	165.59	175.82
Weighted Average Interest Rate							
Total Deposits Rate	1.33	1.31	1.24	1.09	1.19	1.38	1.23
Lending Rate	7.99	7.56	7.21	6.37	6.20	7.98	7.06
Spread between reference lending and deposit rates (basis points)	6.66	6.25	5.97	5.28	5.01	6.60	5.83
Nonperforming loans to gross loans	3.91	2.40	2.20	2.24	2.94	0.70	2.74

Source: Eastern Caribbean Central Bank
Data as at 15 February 2022

Table G4
Grenada - Selected Tourism Statistics

	January to December					Average 2015 to 2019	Average 2016 to 2020
	2017 ^R	2018 ^R	2019 ^R	2020 ^R	2021 ^P		
Total Visitors	468,877	528,637	525,957	216,867	71,861	484,908	442,908
Stay-Over Visitors	146,374	160,975	162,902	43,815	42,099	147,633	129,887
Of which:							
USA	54,801	61,422	62,232	17,171	20,754	52,937	48,188
Canada	11,383	13,784	14,539	4,059	2,256	12,244	10,898
United Kingdom	22,501	22,753	22,520	6,846	6,094	23,313	19,746
Caribbean	25,269	27,000	27,718	5,305	2,697	25,094	21,683
Other Countries	4,074	4,731	4,887	1,464	1,209	5,092	3,859
Excursionists	1,061	555	532	84	0	1,459	1,160
Cruise Ship Passengers	299,449	342,826	337,912	162,517	25,027	313,146	291,523
Yacht Passengers	21,993	24,281	24,611	10,451	4,735	22,671	20,338
Number of Cruise Ship Calls	291	246	254	99	37	248	229
Total Visitor Expenditure (EC\$M) ^{1/}	390.58	568.34	572.45	158.04	170.01	459.26	412.36

Source: Grenada Tourism Authority

^{1/} Expenditure of stay over visitors and cruiseship passengers only

Data as at 15 February 2022



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