



In Summary:

- Global growth lost momentum in 2022 as the world economy navigated conflict in Eastern Europe which drove up commodity prices, particularly for food and energy.
- Economic recovery continued in the Latin American and Caribbean (LAC) region in 2022, albeit at a slower pace than in 2021, driven by elevated global commodity prices and a rebound in the services sector.
- Domestic economic activity showed signs of recovery over the course of 2022 following two years of economic contraction. Data from the Central Statistical Office (CSO), suggest that real GDP grew by 3.0 per cent over the first three quarters of 2022 compared to the previous year.
- Concomitant with improved domestic economic activity, the unemployment rate dipped slightly in 2022.
- Headline inflation accelerated in 2022, primarily on account of external supply-side pressures.
- Strengthened energy prices boosted energy revenues, leading to an improved fiscal performance for the fiscal year ending September 2022.
- The Central Bank maintained its accommodative monetary policy stance in 2022.

Global economic growth is expected to be subdued in 2023. Continued social and economic turbulence emanating from the war in Ukraine as well as ongoing monetary policy tightening to combat inflationary pressures and rising financial vulnerabilities are expected to weigh on growth over the coming months. Though there is generally a positive outlook for the local economy over the coming months, downside risks persist. These include global supply chain issues, renewed impetus to domestic inflation, a rapid softening in commodity prices and volatility in the domestic industrial relations climate. Despite these risks, improving economic prospects, the expected deceleration in domestic inflation by the latter months of 2023 and the country's significant financial buffers provide some degree of space for adjustment.

ECONOMIC DEVELOPMENTS



Global output is estimated to have expanded by **3.4%** in 2022, 2.8 percentage points lower than the outturn in 2021 (IMF World Economic Outlook, April 2023).



According to data from the Central Statistical Office, the **domestic economy** grew by **3.0%** during the period January to September 2022, led by growth in the non-energy sector (4.7%).



The **unemployment rate** declined to **4.9%** in 2022 compared with 5.4% in 2021.



Headline **inflation** averaged **5.8%** in 2022, up from 2.1% in 2021.



The Central Government registered a **surplus of 0.6% of GDP** in FY2021/22, compared with a deficit of 7.7% of GDP in FY2020/21.



The Central Bank maintained the **Repo rate at 3.50%** throughout 2022, unchanged since its 150 basis point reduction in March 2020.



Gross official reserves amounted to approximately **US\$6.8 billion** at the end of December 2022.