



EASTERN CARIBBEAN CENTRAL BANK

ECONOMIC AND FINANCIAL REVIEW

2025 UPDATE

Grenada

Finalised 2025 actuals and revised medium-term projections



EASTERN CARIBBEAN CENTRAL BANK

Economic and Financial Review

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Grenada

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ABOUT THIS REVIEW

Important Note

This publication updates the **December 2025 Annual Economic and Financial Review (AEFR)** by reflecting revised 2025 data and updated short- and medium-term macroeconomic projections. By substituting preliminary estimates with revised data, the report outlines the outturn of core economic indicators for 2025, establishing an updated baseline for comparative analysis against the previous estimates.

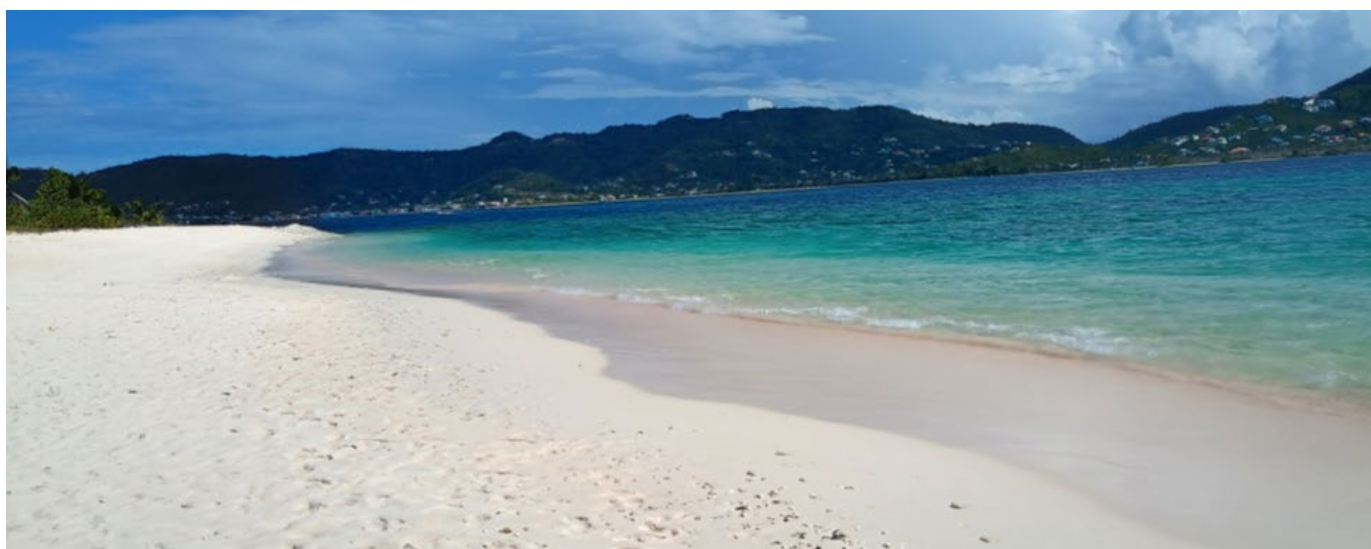
Based on newly available Q1-2026 data and changing economic conditions, our growth outlook for 2026 and 2027 has been revised. These short- and medium-term projections also integrate recent surveillance conducted by our technical staff. By accounting for these factors,

this review ensures that our policy recommendations remain closely aligned with domestic economic developments and broader international trends.

While these updated projections outline the most likely path forward, actual economic results may diverge from current estimates. Significant variables, including shifting geopolitical dynamics and the execution timelines of national infrastructure projects, introduce baseline uncertainties that could result in either upward or downward deviations from these forecasts. These forecasts should therefore be viewed as flexible guidelines that will be updated as new monthly data and official statistics become available.

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Grenada's coastline. Tourism and construction activity continued to anchor economic growth in 2025. Photo credit: Leon Bullen.



2025 AT A GLANCE

Economic Snapshot

Grenada continues to record robust economic growth supported by tourism and construction activity. Inflation remains subdued and financial stability indicators remain sound, although fiscal and external imbalances warrant continued monitoring.

Real GDP growth

4.0%

2025, year on year



The economic expansion in 2025 was driven primarily by stronger construction activity.

Inflation

0.6%

end of period (EOP)



Price pressures remained muted at 2025 year-end.

Debt-to-GDP

73.4%

public sector debt



The public sector debt ratio declined but remained above the 60.0 per cent regional anchor.

Total stayover arrivals

186,370

2025



Stayover arrivals declined slightly, though arrivals fully surpassed pre-pandemic levels.

Top 4 GDP Contributors

Education	17.1%
Real Estate	13.1%
Construction	11.3%
Transport & Storage	10.9%

GDP remained concentrated in the services sectors.

Trade balance

- 38.1%

goods, % of GDP



The trade deficit widened, driven by increased construction-related imports.

NPL ratio

4.1%



NPL ratio (rose)

EC\$3.53b



money supply

Asset quality deteriorated but remained below the regulatory benchmark.

Tax revenue

24.3%

% of GDP



Concessions on duties and VAT marginally reduced total tax revenues.

Overall fiscal balance

- 5.2%

% of GDP



Higher capital outlay and falling CBI revenue drove fiscal deficits in 2025.



1 Overview

Headline assessment of Grenada in 2025

- 01 Economic output in Grenada accelerated in 2025, as the pace of construction activity quickened, with positive spillovers on ancillary sectors.** The government's fiscal balance deteriorated, as public sector capital projects continued apace, coupled with a contraction in Citizenship by Investment (CBI) flows. The current account deficit widened, driven by investment-related imports. Grenada's banking system remained stable, with a relatively low non-performing loans ratio, high liquidity and ample capital buffers.
- 02 Grenada's economy is projected to accelerate further in 2026 before moderating over the medium term.** The fiscal situation and debt position are expected to improve, supported by declining reconstruction spending. The government is forecast to return to a primary surplus position by 2027 and is expected to meet its long-term debt target by 2035.
- 03 Despite the positive outlook, risks are tilted to the downside and are influenced by acute levels of global policy uncertainty, relatively high levels of inflation and ongoing geopolitical tensions.** Importantly, more intense international scrutiny of Grenada's CBI programme could potentially act as a deterrent to prospective investors, putting further strain on public finances and overall growth.



Attribution Credit: David Bullen



2 Recent Economic Developments

Real sector, prices, fiscal, external and monetary outturns

Grenada's economic growth performance continued to be strong, with most of its key sectors registering growth in 2025. Despite a sluggish first half of the year, tourism sector activity picked up in the second half, boosted by a successful carnival season as well as strong winter arrivals.

Activity in the construction sector continued to expand as both private and public sector projects advanced throughout the year. Inflation remained contained, partially mitigated by ongoing fiscal measures designed to provide relief to the poor and vulnerable.

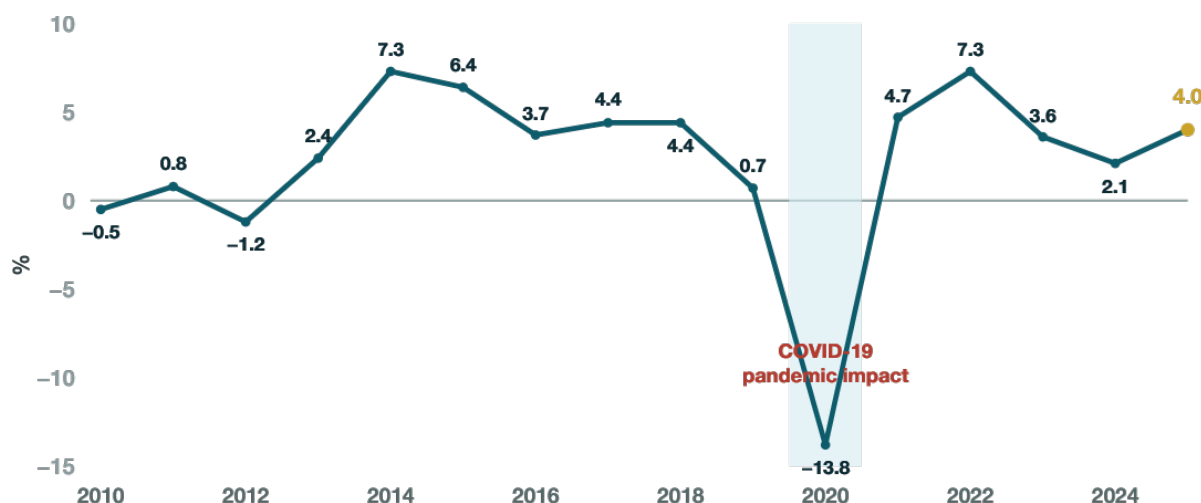
2.1 Real Sector Developments

Economic activity in Grenada accelerated at 4.0 per cent, based on full-year economic data, down marginally from the earlier estimate of 4.4 per cent (Figure 1). The revised growth rate was primarily attributable to a downward revision in construction sector activity as the source data for key indicators such as the import of construction materials underperformed relative to earlier estimates.¹

Consequently, the pace of construction sector activity decelerated to 7.6 per cent compared with the previous estimate of 15.0 per cent. Ancillary sectors such as mining and quarrying, and transport and storage also saw slower growth relative to the December 2025 report, partly owing to the slower construction sector performance.

Figure 1. Real GDP Growth from 2010 to 2025 (%)

Following successive shocks, Grenada's economy sustained a robust expansion in 2025.



Source: Central Statistics Office and ECCB.

¹In addition to the revised import data, there was a change in the deflator used to convert nominal construction sector output to real values. Given the low level of recorded inflation for Grenada, a regional price index of the cost of construction was used, which produced a smaller value added for the sector than previously recorded.



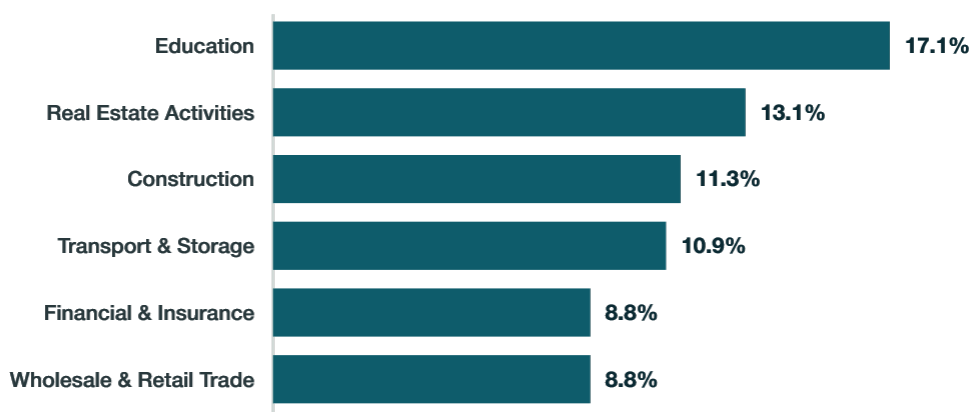
Economic activity remained heavily concentrated in the education, real estate and construction sectors. These sectors constituted 41.5 per cent of the domestic economy, down marginally from 41.8 per cent in the previous year (Figure 2). Importantly, the sectoral decelerations observed above were partially offset by expansions in other sectors including wholesale and retail (15.7 per cent) and manufacturing (7.4 per cent).

The tourism sector, proxied by hotels and restaurants, grew marginally by 1.0 per cent, reversing the earlier estimated contraction of 3.8 per cent. This performance was influenced by a

smaller contraction in stayover arrivals than estimated in the 2025 AEFR, while the cruise segment recorded stronger growth of 18.0 per cent compared with the earlier estimate of 10.0 per cent (Figure 3). Stayover arrivals for all major source markets declined, year-on-year, except for Caribbean travelers, which increased by 1.2 per cent. Contractions were recorded for the United States (US), United Kingdom (UK) and Canadian markets of 2.2 per cent, 3.6 per cent and 4.6 per cent, respectively. As noted in the 2025 AEFR, one-off events, specifically Grenada's 50th anniversary of independence celebrations and the hosting of CARIFTA games in 2024, would have contributed to the relative decline in 2025.

Figure 2. Sector Contribution to GDP (2025)

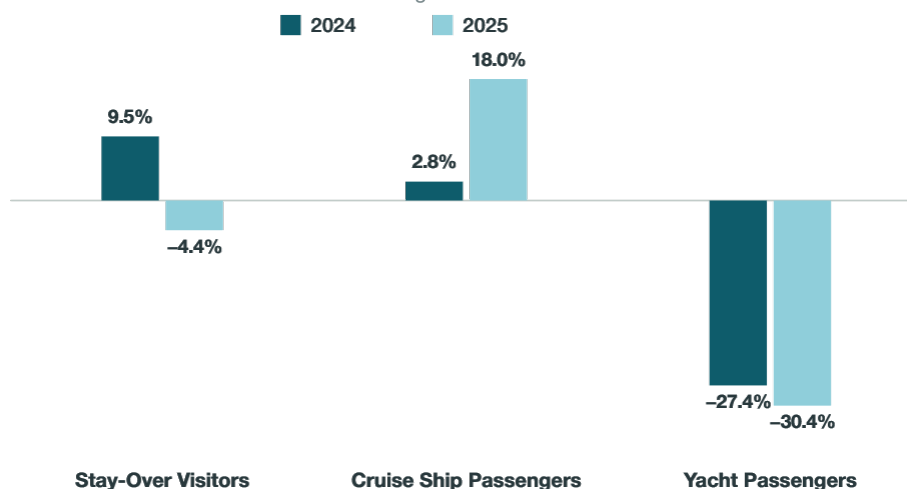
The three largest sectors accounted for 41.5 per cent of GDP.



Source: Central Statistics Office and ECCB.

Figure 3. Percentage Growth in Arrivals by Visitor Category

Despite the contraction in stay-over visitors and yacht passengers, strong growth in the cruise ship segment pushed total visitor arrivals to record highs in 2025.



Source: Central Statistics Office and ECCB.



Inflation Developments

Domestic inflation, measured by the consumer price index, rose by 0.6 per cent, down from the earlier estimate of 1.7 per cent (Figure 4). This outturn was partly influenced by fiscal policies designed to cushion the impact of rising energy and transportation costs. These included:

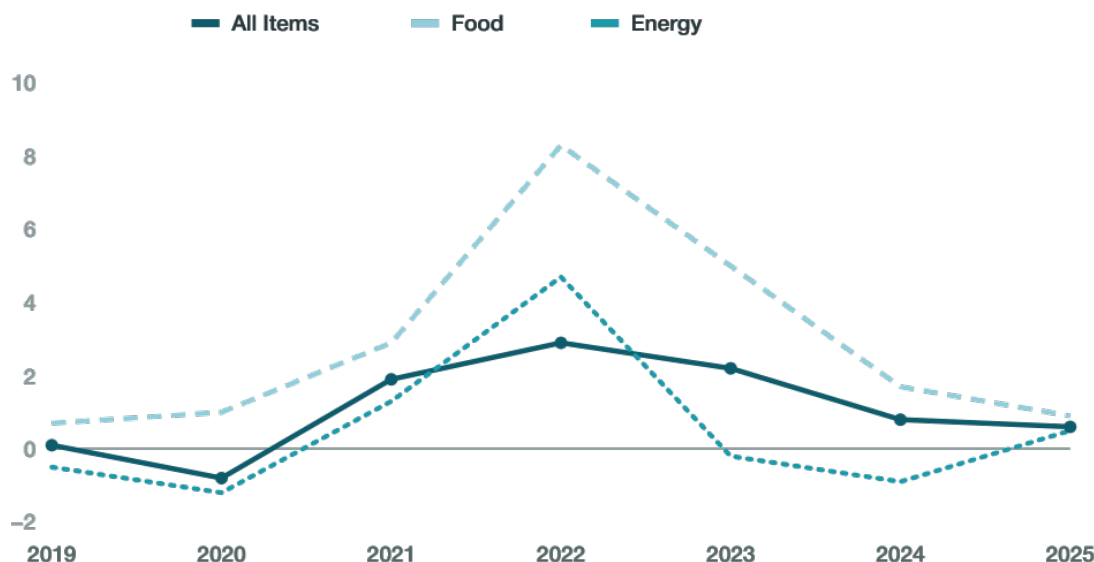
- Direct support to bus operators to contain transportation costs;
- Maintaining the cap on the price of the twenty-pound cylinder of LPG;

- Providing subsidies to households consuming less than 150 kWh of electricity per month; and
- VAT exemptions on 20 basic food and essential items.

Other sub-indices showing slower growth in prices included furnishing and household equipment, transport, and restaurants and hotels.

Figure 4. Annual Inflation Trends

The disinflation seen in Grenada was driven by slower growth in food and transportation costs, while energy prices rose marginally.



Source: Central Statistics Office

2.2 Fiscal Developments

The fiscal situation in Grenada improved relative to the 2025 EFR. Citizenship by Investment (CBI) inflows exceeded expectations and current expenditure fell. Accordingly, CBI flows increased to 5.0 per cent of GDP (\$192.3m) relative to the earlier estimate of 4.7 per cent of GDP (\$178.5m) but underperformed compared with the previous year (15.2 per cent of GDP). Current expenditure contracted to 26.0 per cent of GDP (\$1,005.1m) from 27.5 per cent of GDP

(\$1,044.2m). The latter is explained by smaller-than-projected outflows for wages and salaries and goods and services as the government's public sector regularization efforts continued². Capital expenditure remained virtually unchanged from the 2025 AEFR, amounting to 13.0 per cent of GDP (\$503.3m) but exceeded the previous year's contribution of 10.3 per cent of GDP (\$373.3m).

²Over two thousand public sector workers are to be regularized in a three-phase approach to be completed in 2026.



Consequently, the government's fiscal operations resulted in an overall deficit of 5.2 per cent of GDP (\$200.4m), down from the previous estimate of 7.9 per cent of GDP (\$300.5m). Likewise, the primary deficit saw a contraction from the earlier estimate of 6.6 per cent of GDP to 1.6 per cent of GDP. This outturn

contrasts with overall and primary surpluses in the previous year of 9.1 per cent of GDP (\$330.7m) and 12.5 per cent of GDP (\$455.0m), respectively, largely influenced by record CBI flows as the Immigration Migration Agency (IMA) completed the processing of a backlog of applications.

Table 1. Fiscal Summary and Debt Indicators

Per cent of GDP, unless otherwise stated

INDICATOR	2019	2020	2021	2022	2023	2024	2025R
Total Revenue	26.6	28.1	31.6	32.9	36.6	45.3	33.9
Current Revenue	23.7	24.5	24.0	26.1	36.1	44.8	31.2
of which CBI	0.2	0.6	1.1	2.2	10.6	15.2	5.0
Tax Revenue	22.5	22.8	21.2	22.2	24.1	25.1	24.3
Total Grants	2.9	3.7	7.6	6.8	0.5	0.6	2.7
Total Expenditure	21.6	32.7	31.3	32.0	28.7	36.2	39.1
Current Expenditure	19.0	23.1	22.7	21.7	19.5	26.0	26.0
Interest Payments	1.9	2.0	1.8	1.6	1.5	3.4	3.6
Capital Expenditure	2.6	9.6	8.6	10.3	9.2	10.3	13.0
Current Account Balance	5.3	2.0	2.9	7.7	16.6	18.9	6.4
Overall Balance	5.0	(4.5)	0.3	0.9	7.9	9.1	(5.2)
Primary Balance	6.8	(2.6)	2.1	2.6	9.4	12.5	(1.6)
Financing	(5.0)	4.5	(0.3)	(0.9)	(7.9)	(9.1)	5.2
Domestic	(5.1)	0.6	(3.7)	(1.9)	(10.9)	(10.5)	4.3
External	0.2	4.0	3.4	1.0	2.9	1.4	0.8
MEMO ITEMS							
Total Public Sector Debt (EC\$m)	2,402	2,502	2,608	2,621	2,681	2,731	2,836
Debt-to-GDP Ratio	73.3	88.8	86.1	79.3	74.3	75.1	73.4

Note: Data for 2025 are revised.

Source: Ministry of Finance and ECCB.

Debt

The debt-to-GDP ratio declined in 2025. Total outstanding public sector debt stood at 73.4 per cent of GDP (\$2.8 billion), a marginal increase over the prior estimate³. However, the debt-to-GDP ratio fell by 1.7 percentage points year-on-year, driven by the combined effect of amortization payments and nominal GDP growth. Domestic debt accounted for approximately 22.8 per cent of GDP, while external

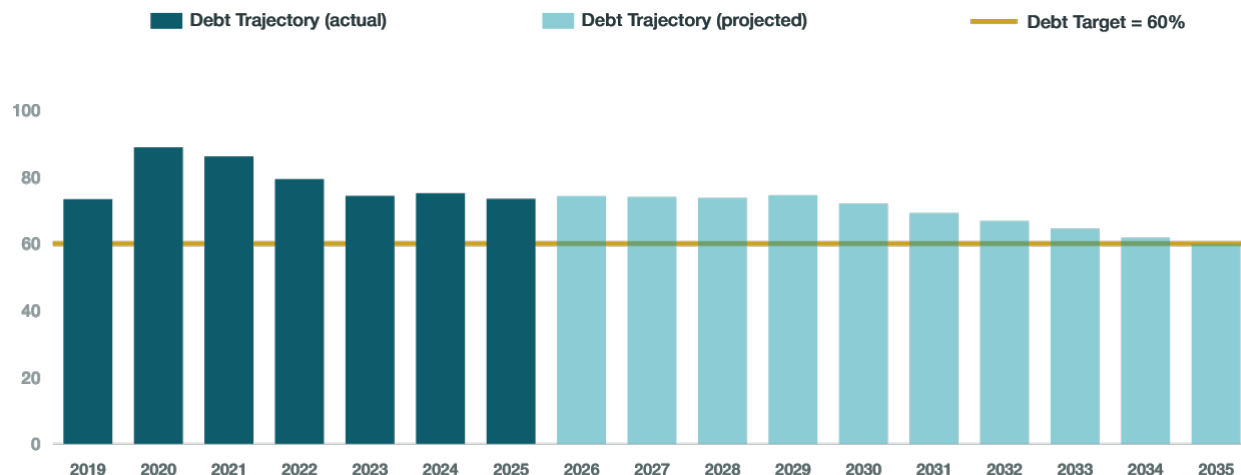
debt stood at 50.7 per cent. The lower debt ratio is also explained by the fact that the fiscal deficit generated in the year was fully financed by public sector domestic savings. Ultimately, Grenada's debt dynamics support a continued downward debt-to-GDP trajectory, given relatively low levels of interest rates and robust growth rates over the medium term.

³ It is important to note that total public sector debt includes the debt of PetroCaribe, a public-private entity. This debt amounted to 9.6 per cent of GDP in 2026



Figure 5. Baseline Debt Projections (public sector debt to GDP, per cent)

Grenada's debt-to-GDP is on a steady downward trajectory toward the 60 per cent regional anchor by 2035.



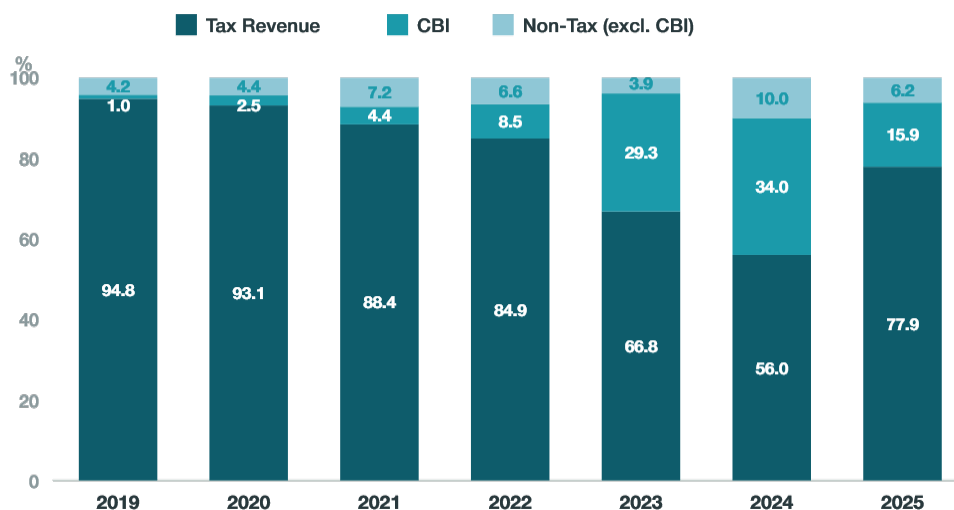
Solid bars denote historical (2019–2025); lighter bars denote projections (2026–2035). Source: Ministry of Finance and ECCB.

An important development in Grenada's fiscal and debt evolution is the growing importance of CBI revenues in the overall composition of revenue. As shown in Figure 6, CBI revenue constituted only 1.0 per cent of current revenue in 2019 but has since grown to 15.9 per cent in 2025, reflecting the continued investor demand. As mentioned above, 2023 and 2024 were exceptional years as a backlog of approved applications were processed in those years, resulting in

CBI contribution to current revenue rising to 29.3 per cent and 34.0 per cent, respectively. These windfalls were critical in generating sizeable primary surpluses over the two-year span, further boosting the government's savings and allowing it the requisite fiscal space to finance the 2025 deficit. Consequently, debt accumulation was limited and was driven primarily by external flows, resulting in the downward trajectory in Grenada's debt-to-GDP ratio.

Figure 6. Composition of Current Revenue (per cent share)

CBI revenue has played a more important role in government finances in recent years.



Source: Ministry of Finance and ECCB.



2.3 External Developments

In tandem with a growing economy and rising construction-related imports, Grenada's current account deficit widened to 23.0 per cent of GDP, up from 20.0 per cent in the previous year (Table 2). This is partially explained by a widening trade deficit as the pace of goods imports accelerated, consistent with rising construction activity, while exports declined as agricultural output moderated. In respect of the latter, some of Grenada's key export crops such as cocoa and nutmegs had not fully recovered following the passage of Hurricane Beryl. Travel receipts as a per cent of GDP also declined

from 26.5 per cent in the prior year to 25.1 in 2025, consistent with lower stayover arrivals. Additionally, while major companies made larger dividend payments and repatriated more profits in 2025 relative to the prior year, interest income on portfolio investments of financial institutions also increased, resulting in a narrowing of the primary income deficit to 5.5 per cent of GDP from 5.9 per cent in the prior year. The deficit on the secondary income account remained virtually unchanged, but saw a marginal decline in remittance flows from 2.2 per cent of GDP to 2.0 per cent in 2025.

Table 2. External Accounts – Selected Indicators

In per cent of GDP, unless otherwise stated

INDICATOR	2019	2020	2021	2022	2023	2024	2025R
Current Account	(10.3)	(16.1)	(14.4)	(12.1)	(20.3)	(22.0)	(23.0)
Trade Balance	(30.5)	(30.4)	(31.1)	(37.3)	(34.5)	(36.2)	(38.1)
of which: Exports	4.0	2.7	3.9	5.0	5.5	5.3	4.7
of which: Imports	34.4	33.1	35.0	42.3	40.0	41.5	42.8
Services	50.6	38.3	44.0	52.7	56.5	55.7	52.8
of which: Travel	18.0	6.2	9.9	20.6	24.6	26.5	25.1
Primary Income	(10.0)	(6.8)	(8.8)	(7.0)	(10.5)	(5.9)	(5.5)
Secondary Income	0.9	1.9	1.9	1.3	(2.6)	(4.4)	(4.4)
Capital Account	5.1	7.5	5.0	3.9	9.5	18.7	4.2
Financial Account	(5.4)	(7.2)	(10.4)	(6.1)	(14.8)	(1.7)	(17.4)
of which: FDI	17.2	13.5	13.6	13.3	16.5	12.2	11.9
MEMO ITEMS (EC\$M)							
Current Account (EC\$M)	(338.4)	(453.7)	(435.7)	(400.8)	(732.3)	(798.6)	(886.9)
Balance of Trade (EC\$M)	(998.3)	(856.6)	(941.0)	(1,233.9)	(1,245.8)	(1,315.0)	(1,470.8)

Note: Data for 2025 are revised.

Source: Central Statistics Office and ECCB.

Grenada's current account deficit was funded by a smaller surplus on the capital account, consistent with a decline in year-on-year CBI flows into the National Transformation Fund as well as a relatively lower level of FDI flows. FDI flows contracted marginally from 12.2 per cent of GDP in

2024 to 11.9 per cent of GDP in 2025. Additionally, the interbank positions of commercial banks financed the remainder of the deficit on the current account as a larger percentage of funds were brought onshore relative to the previous year.



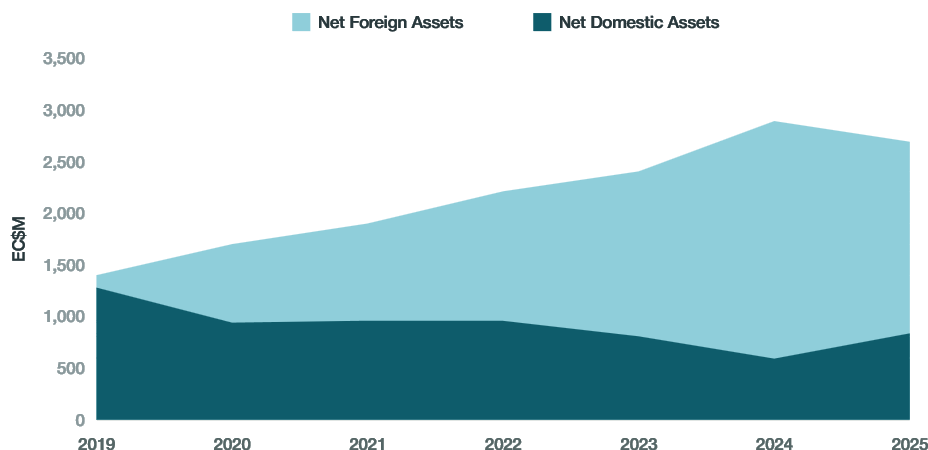
2.4 Banking and Monetary Developments

Developments in the banking sector in 2025 were broadly stable, with contrasting movements in net domestic and net foreign assets. Net foreign assets declined by 9.8 percentage points to 69.7 per cent of GDP partly on account of commercial banks reducing their external interbank positions, while net domestic

assets expanded by 5.4 percentage points to 21.7 per cent of GDP as the central government drew down on its savings to finance the fiscal deficit (Figure 7). Ultimately, the domestic money supply contracted by 4.4 percentage points to 91.4 per cent compared with 95.8 per cent of GDP in the prior year.

Figure 7. Trends in Monetary Aggregates

The money supply contracted as the decline in net foreign assets outpaced the growth in net domestic assets.



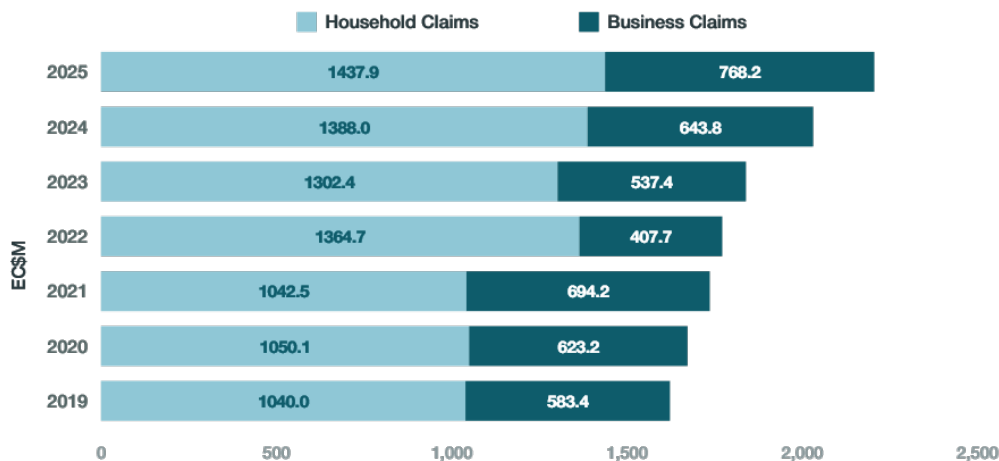
Source: ECCB.

Claims on the private sector (credit) rose by 8.6 per cent, exceeding the previously-reported 5.0 per cent expansion (Figure 8). Much of this growth was driven by claims on businesses, which increased by 19.3 per cent, while claims on households rose by 3.6

per cent. The larger credit outlays were concentrated in real estate and wholesale and retail trade, further adding support to the vibrancy of the construction and related sectors.

Figure 8. Trends in Private Sector Credit

While credit to households dominates, the faster growth was seen in credit to businesses.



Source: ECCB.



Commercial banks maintained high levels of liquidity and asset quality remained within prudential limits (Table 3). However, despite meeting the prudential benchmark of 5.0 per cent, the non-performing loans (NPL) ratio deteriorated marginally

from 2.6 to 4.0 per cent. This deterioration in asset quality was concentrated in NPLs in the manufacturing and, to a lesser extent, wholesale and retail trade sectors.

Table 3. Financial Stability Indicators – Selected Indicators

Per cent, unless otherwise stated

INDICATOR	2019	2020	2021	2022	2023	2024	2025R
Non-Performing Loans	2.2	2.2	2.9	3.3	3.1	2.6	4.0
LIQUIDITY RATIOS							
Liquid Assets to Total Assets	43.7	46.8	44.9	49.1	49.8	52.3	50.0
Total Deposits to Total Loans	177.0	181.6	182.1	182.6	186.9	186.9	169.3

Note: Data for 2025 are revised.

Source: ECCB.

+8.6%

Private sector credit growth in 2025

69.7%

Net foreign assets, % of GDP

4.0%

NPL ratio, below the 5.0% benchmark



Attribution Credit: Leon Bullen



3

Medium-Term Macroeconomic Outlook

Global context, domestic projections and risks to 2027

3.1 Outlook

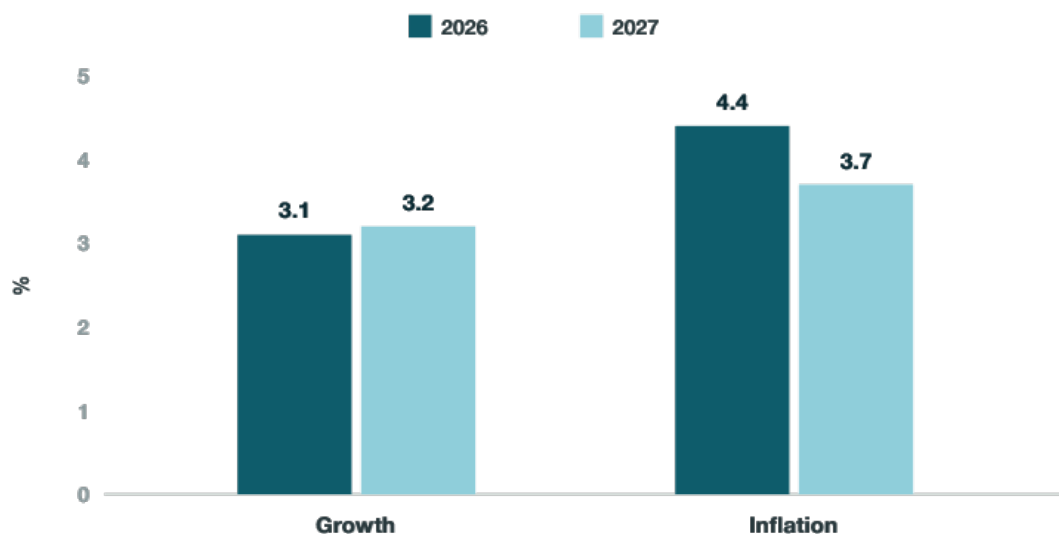
The medium-term economic outlook for Grenada is set against the backdrop of heightened tensions in the Middle East, undoing the gains from earlier tariff reductions and deceleration in inflation. According to the International Monetary Fund's World Economic Outlook (WEO) April update, the Middle East conflict presents a threat to inflation expectations, financial stability and fiscal stability. And, depending on the duration of the conflict, it is feared that the current oil crisis could be the worst in history. Given the high degree of uncertainty and the evolving nature of the conflict, the IMF has revised down its reference forecast for global growth in 2026 to 3.1 per cent relative to 3.3 per cent in the January report (Figure 9). Additionally, the growth forecast for 2027 remained unchanged at 3.2 per cent, lower than the historical average of 3.7 per cent (Table 4). Further, under the baseline forecast, inflation is projected to accelerate to

4.4 per cent in 2026, 0.6 percentage points higher than the earlier projection.

Risks remain heavily tilted to the downside and are dominated by continued geopolitical tensions. Global prospects are also affected by the possibility of trade-related disputes, financial market instability stemming from bets on Artificial Intelligence (AI) not materializing, and fiscal instability stemming from lack of fiscal space and rising debt levels negatively impacting interest rates and financial stability. On the upside, the global economy could potentially benefit from productivity gains associated with the increased use of AI, the easing of global trade barriers and the greater use of credible fiscal frameworks in navigating the current economic challenges.

Figure 9. Global Economic Outlook: 2026–2027

Projected growth slowdown and inflation volatility.



Source: IMF, WEO April 2026.

**Table 4. World Economic Outlook: Growth Projections***Real GDP growth, per cent*

COUNTRY/GROUP	2025	2026	2027
World Output	3.4	3.1	3.2
Advanced Economies	1.9	1.8	1.7
United States	2.1	2.3	2.1
Euro Area	1.4	1.1	1.2
United Kingdom	1.3	0.8	1.3
Canada	1.7	1.5	1.9
Emerging Mkt & Dev.	4.4	3.9	4.2
China	5.0	4.4	4.0
Latin America & Caribbean	2.4	2.3	2.7

Source: IMF, WEO April 2026.

Economic activity in Grenada is projected to expand by 4.9 per cent in 2026 and decelerate to 2.4 per cent in 2027. This expansion will be fueled by ongoing growth in the construction and tourism industries, with important knock-on effects on ancillary sectors such as transportation and storage and wholesale and retail, among others (Table 5). The slowdown in 2027 is partially attributable to some measure of public sector consolidation, especially with respect to capital expenditures, as the targets under the Fiscal Resilience Legislation will be fully reinstated.

Construction sector activity is expected to be supported by private and public sector projects.

These include ongoing work on the Grenada National Resort, the La Sagesse Collection and the Intercontinental Hotel, with the latter two expected to be completed in 2026. Adding further support to the sector is the projected record capital expenditure, equivalent to 13.8 per cent of GDP, as the government continues to upgrade road and bridge infrastructure, renovate and construct new schools, and continue to improve the domestic housing stock through its Project 500 programme⁴. Further, work on Project Polaris⁵, which is expected to deliver a new general hospital for Grenada and to serve as the cornerstone of a medical city, officially commenced with a groundbreaking ceremony in March 2026 and is scheduled to be completed in 2029.

⁴Project 500 is an initiative designed to revolutionize affordable housing in Grenada. The project's objective is to provide affordable housing using improved technologies and incorporating climate smart features and more efficient construction methods.

⁵Project Polaris is intended to transform the quality and delivery of healthcare in Grenada. The first phase of the project is the construction of a new state-of-the-art, climate-resilient smart research hospital, the land for which has already been procured by the government. The hospital is estimated to cost US\$250m and construction is slated to begin in 2026. The objective is to build out a medical city over the longer term, with private sector participation, and foster the growth of medical tourism on the island. The hospital is expected to be completed in three years.



Grenada's profile on the international travel scene continues to rise, evidenced by the construction of new hotels and residences as referenced above.

Coupled with new and innovative strategies to market the island, while expanding airlift, Grenada's tourism sector is projected to expand further over the medium term, boosting employment prospects and generating critical foreign exchange for the country and sub-region. The hosting of CARIFTA 2026 and the inaugural Diaspora Homecoming over the period June 21 to July 5, are also expected to provide further impetus for growth in 2026.

Grenada's fiscal situation is expected to deteriorate further in 2026. This deterioration is driven by a record level of public sector investments in 2026, coupled with moderate growth in tax revenue and CBI flows. Accordingly, the government is projected to generate a primary deficit of 5.2 per cent of GDP, following the previous year's deficit of 1.6 per cent of GDP. The deficit is expected to be financed by

the government's domestic savings. Looking further ahead, a primary surplus of 1.6 per cent of GDP is forecast for 2027 as public sector investments decline and revenues increase, consistent with the projection for sustained growth.

In the external sector, the current account deficit is expected to narrow marginally as the intensity of construction-related imports abates and travel receipts and FDI flows stabilize. This outturn will be influenced by the completion of new hotel projects in 2026 through 2028 and the winding down of critical public sector projects, including schools and road rehabilitation. The improving external performance is aligned with growth in monetary aggregates as both net foreign assets and net domestic assets are expected to expand as the economy grows. The financial system is projected to remain stable as non-performing loans fall within prudential limits, and capital positions remain strong.



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**Table 5. Medium-Term Outlook – Selected Indicators***Per cent of GDP, unless otherwise stated*

INDICATOR	2025R	2026E	2027F
REAL SECTOR			
Nominal GDP (EC\$M)	3,861.8	4,171.0	4,426.4
Real GDP (EC\$M)	2,654.5	2,785.7	2,853.0
Real GDP Growth (%)	4.0	4.9	2.4
Inflation (eop, %)	0.6	2.2	2.1
GOVERNMENT SECTOR			
Current Revenue	31.2	31.4	31.6
Current Expenditure	26.0	26.2	23.8
Capital Expenditure	13.0	13.8	8.9
Primary Balance	(1.6)	(5.2)	1.6
Overall Balance	(5.2)	(7.1)	(0.1)
Financing	5.2	7.1	0.1
EXTERNAL SECTOR			
Balance of Trade	(38.1)	(37.1)	(35.7)
Travel Receipts	26.6	25.8	24.8
Current Account	(23.0)	(19.9)	(18.9)
Foreign Direct Investment	11.9	11.3	11.3
MONETARY SECTOR (EC\$M)			
Money Supply	3,529.3	3,898.9	4,154.8
Net Foreign Assets	2,692.7	2,893.3	3,107.9
Net Domestic Assets	836.6	1,005.6	1,046.9
Domestic Credit	1,542.6	1,976.4	2,029.9
of which credit to the private sector	2,206.2	2,319.4	2,427.5
of which credit to businesses	768.2	829.7	884.2
of which credit to households	1,437.9	1,489.7	1,543.3
MEMO ITEMS			
Total Public Debt (EC\$M)	2,724.1	2,972.0	3,156.2
Total Public Debt-GDP	70.5	71.3	71.3

Note: Data for 2025 are revised; data for 2026 are estimates and data for 2027 are forecasts.

Source: Ministry of Finance and ECCB.



3.2 Risks

Medium-term risks are tilted to the downside and could significantly disrupt the baseline projections (Table 6). Much of this stems from the acute level of uncertainty regarding the ongoing conflict in the Middle East, as the situation remains very precarious. This is connected to the fact that many actors are involved, with varying positions regarding the future direction of the region and control over the Strait of Hormuz. In addition, inflationary pressures are still likely to rise as the effects of months of supply disruptions filter through supply chains, ultimately affecting businesses and

consumers. Under the IMF's most severe scenario, global growth could slow to only 2.0 per cent in 2026, with inflation peaking at 6.0 per cent. Given the importance of the tourism industry to Grenada's economic performance, such a scenario would adversely impact the demand for leisure services and could potentially result in reduced FDI flows. On the upside, an end to the hostilities in the Middle East and the restoration of confidence in the global economy would be critical to averting inflation from becoming entrenched.

Table 6. Risk Assessment Matrix

IDENTIFIED RISK FACTOR	LIKELIHOOD	MACROECONOMIC IMPACT
DOWNSIDE RISKS		
Escalating Middle East conflict threatens global growth.	High	A protracted conflict will continue to disrupt the supply of oil and gas, as well as other critical inputs. This would have negative implications for the cost of travel, food and the overall functioning of our economies.
Elevated global inflationary expectations trigger prolonged restrictive monetary policy.	Medium	Higher inflationary expectations are likely to result in higher global interest rates, increasing servicing costs for variable interest rate loans.
Tightening fiscal space in advanced economies constrains foreign aid budgets.	Medium	Tightening fiscal space in advanced economies, especially our key trading partners, is likely to significantly reduce development assistance, in particular support for climate resilience investment.
Climatic events and natural disasters.	High	Frequent climatic shocks have disastrous consequences for agriculture and the key tourism sector, negatively impacting jobs, putting further strain on limited fiscal resources and compromising the ability to achieve the debt target.
CBI programmes come under increased scrutiny by the EU and the United States.	Medium	While CBI revenue entering the National Transformation Fund (NTF) amounted to roughly 5.0 per cent of GDP, it constitutes an important source of funds allowing the government to execute key public investments and facilitate critical social transfers; scrutiny could put its viability in question.
UPSIDE RISKS		
An end to military hostilities in the Middle East.	Low	The cessation of military conflict and resumption of global oil supplies would be important in exerting downward pressure on inflationary forces. This is critical for the long-term growth of the economy.
The stabilisation of the global economic environment.	Low	This is critical to restoring consumer confidence and driving the growth of key sectors such as tourism and private education.



4 Policy Recommendations and Issues

Priorities to address imbalances and anchor resilient growth

Given the evolving macroeconomic outlook and risks, the policy priorities outlined in the 2025 Annual Economic and Financial Review remain highly relevant. Some of the critical policies include:

- 1 **Enhance food security.** Decreasing Grenada's import dependence on critical crops is important to fostering a healthier and more productive economy, while reducing the outflow of foreign exchange. The steps taken to diversify crop production and increase the output of non-traditional crops, coupled with adding new varieties of livestock under the World Bank's Food Security Enhancement Project, are important to Grenada's fulfilment of this objective.
- 2 **Foster skills development.** The upgrading of skills, particularly in the digital sphere, is critical to the future transformation of Grenada's economy. Such an outcome would require investment in staffing and a revamping of the curriculum in both secondary and post-secondary institutions. Additionally, fostering the uptake of more apprenticeships in key trades in the private sector would go a long way in harnessing skills and increasing the labour supply in critical areas including carpentry, masonry and plumbing, among others.
- 3 **Strengthen climate resilience.** Enhancing building codes and instituting appropriate monitoring mechanisms are critical to minimizing the impact of climate shocks. Additionally, hardening the infrastructure by placing critical power lines underground would improve the ability to recover from climatic events.
- 4 **Boost renewable energy supply.** Given the high cost of energy, policies to boost the uptake of solar PV systems and integrate the supply from independent power producers into the national grid would lower the cost of production, improve competitiveness in the economy and support the expanding tourism sector. Accelerating the push towards geothermal energy is also critical in this regard.
- 5 **Establish stronger links with the yachting sector.** Given the growing demand for skills in ship repair and general servicing, dedicating more resources to training and certifications in these areas would be crucial in creating employment in this burgeoning sub-sector.

BIG PUSH

To achieve a doubling of real GDP within a decade, requiring sustained annual growth of approximately 7.0 per cent, ECCU member governments should execute on coordinated **"Big Push"**^[1] strategies across seven key transformational areas. Transitioning from incremental reform to simultaneous, high-impact intervention, priority policies should focus on reducing structural import leakages via food security and renewable energy transitions, while modernising infrastructure through digital integration. Furthermore, targeted investments must align human capital with future sector demands, boost tourism benefits, and strengthen institutional frameworks for financial inclusion and savings mobilization to insulate long-term growth from external shocks.

¹ For more information on the "Big Push" Agenda, refer to the ECCB website at <https://www.eccb-centralbank.org>.



Appendix: Selected Economic Indicators

Grenada, 2022 to 2027

Table 7. Selected Economic Indicators

In EC\$M, unless otherwise stated. Shaded columns (2026, 2027) denote revised forecasts.

INDICATOR	2022	2023	2024	2025R	2026E	2027F
REAL SECTOR						
Nominal GDP (EC\$M)	3,304.8	3,608.3	3,635.8	3,861.8	4,171.0	4,426.4
Real GDP (EC\$M)	2,412.4	2,499.1	2,551.3	2,654.5	2,785.7	2,853.0
Real GDP Growth (%)	7.3	3.6	2.1	4.0	4.9	2.4
Inflation (eop, %)	2.9	2.2	0.8	0.6	2.2	2.1
GOVERNMENT SECTOR						
Current Revenue	863.9	1,302.2	1,628.3	1,205.5	1,309.0	1,399.6
Current Expenditure	717.4	702.2	944.5	1,005.1	1,092.2	1,054.1
Capital Expenditure	340.2	332.2	373.3	503.3	577.1	395.6
Primary Balance	84.4	339.3	455.0	(60.8)	(217.2)	70.6
Overall Balance	30.7	286.0	330.7	(200.4)	(297.8)	(4.7)
Financing	(30.7)	(286.0)	(330.7)	200.4	297.8	4.7
EXTERNAL SECTOR						
Balance of trade	(1,233.9)	(1,245.8)	(1,315.0)	(1,470.8)	(1,545.5)	(1,578.9)
Travel receipts	869.9	866.9	976.3	1,025.4	1,076.7	1,098.2
Current account	(400.8)	(732.3)	(798.6)	(886.9)	(830.8)	(834.4)
Foreign Direct Investment	440.0	594.7	442.6	460.8	470.2	499.8
MONETARY SECTOR						
Money Supply	3,169.8	3,213.0	3,484.1	3,529.3	3,898.9	4,154.8
Net Foreign Assets	2,211.7	2,405.0	2,892.2	2,692.7	2,893.3	3,107.9
Net Domestic Assets	958.1	808.0	592.0	836.6	1,005.6	1,046.9
Domestic Credit	1,464.2	1,306.4	1,179.6	1,542.6	1,976.4	2,029.9
o/w private sector	1,772.4	1,839.8	2,031.8	2,206.2	2,319.4	2,427.5
o/w businesses	407.7	537.4	643.8	768.2	829.7	884.2
o/w households	1,364.7	1,302.4	1,388.0	1,437.9	1,489.7	1,543.3
MEMO ITEMS						
Total public sector debt (EC\$M)	2,621.1	2,680.9	2,731.1	2,835.9	3,087.0	3,274.6
Total public sector debt-GDP (%)	79.3	74.3	75.1	73.4	74.0	74.0

Note: Data for 2025 are revised; data for 2026 are estimates and data for 2027 are forecasts.

Source: Central Statistics Office, Ministry of Finance and ECCB.



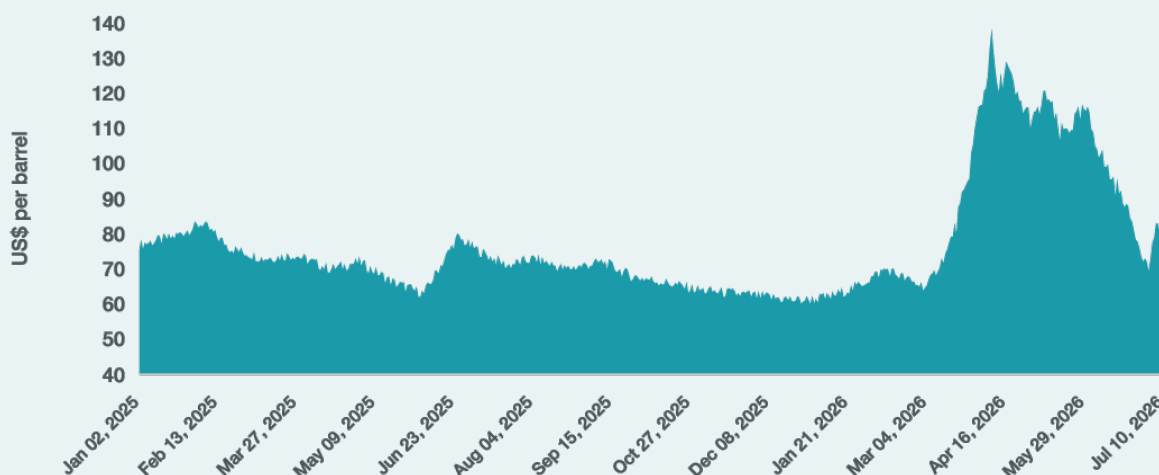
SPECIAL FEATURE

Box I: Impact of the US-Iran War

The US-Iran war, which began on 28 February, has evolved into a regional conflict involving all members of the Gulf Cooperation Council (GCC) ¹ and has resulted in the effective closure of the Strait of Hormuz, a key waterway for global trade. This development amounts to a significant supply shock as 20.0 per cent of the world's oil and approximately one-third of seaborne fertilizers pass through this critical gateway. The implication is that continued intermittent hostilities and the resultant closure of the Strait of Hormuz would exacerbate global supply challenges, leading to higher rates of inflation and increased cost of travel, transportation and food. Under this scenario, consumers' disposable incomes would decline as

manufacturers, wholesalers and retailers pass on the increased cost of doing business. Based on data from the U.S. Energy Information Administration (EIA), Brent crude oil — the international benchmark — hit a high of US\$138.21 in the first week of April, after starting the year at roughly \$62.00 per barrel. Since hitting its peak, oil prices have fluctuated but steadily declined to a low of \$68.53 at the beginning of July. With the resumption of hostilities, oil prices have regained momentum, registering over \$80.00 per barrel at the end of the second week of July.

Brent Crude Prices 2026



Source: Energy Information Administration

To mitigate the inflationary impact of rising oil prices, the government of Grenada has instituted a suite of policies aimed at bringing relief to consumers and businesses. These include:

1. **Gasoline Price Ceiling:** Capping the price of gasoline at EC\$17.00 per gallon and absorbing any increases beyond that point by reducing the consumption tax, in the first instance.
2. **Electricity Support:**
 - a. Monthly \$10 subsidy for households consuming up to 99 kWh.
 - b. VAT reduced by 50% for households consuming between 99 and 150 kWh per month.
3. **Essential Goods Relief:** VAT exemptions extended on 20 basic food and essential items, including cooking oils, baby diapers, and female sanitary products.
4. **Cooking Gas Support:** Fixed the price of a 20-pound gas cylinder at \$40 to protect households from energy price fluctuations.

¹The GCC countries are: Saudi Arabia, Kuwait, the United Arab Emirates, Qatar, Bahrain and Oman.



GRENADA

Economic and Financial Review

2025 UPDATE

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