

Barbados and OECS

Corporate Performance and Outlook Report

Introduction and Background

We are pleased to introduce the “*Barbados and OECS Corporate Performance and Outlook Report*” published by the Department of Management Studies at UWI, Cave Hill. The survey aims to provide policymakers and the public in general, with timely and readily accessible information on the, Financial Performance, Financial Outlook, Investment Outlook, Employment Outlook, Local Economic Outlook and Global Economic Outlook, as it relates to companies in Barbados and the OECS. The aim is to provide more of a ground level perspective on financial and economic matters as compared to the more macro-economic type data that is typically available.

The results of this edition of the survey are based on responses from 758 companies in Barbados, Antigua and Barbuda, Dominica, Grenada, St. Kitts and Nevis, St. Lucia and St. Vincent and the Grenadines (Table 1 provides a breakdown of the responses by country). The data was collected in September, 2009, thus companies would be reflecting on their performance from March to August of 2009, and their six month outlook would be from September to February 2010, while the twelve month outlook be from September 2009 to August 2010. The report will be published on a quarterly basis, data will next be collected in January of 2010 and a report published in February 2010. The report is funded by the Department of Management Studies at UWI Cave Hill and we encourage a broad cross section of organizations to participate in our survey as we seek to provide this public service.

Table 1: Respondents’ Profile

Country	Frequency	Percent
Antigua and Barbuda	172	22.7
Barbados	80	10.6
Dominica	77	10.2
Grenada	151	19.9
St Kitts	51	6.7
St. Lucia	140	18.5
St. Vincent	87	11.5
Total	758	100.0

Section 1: Financial Performance and Outlook

Financial Performance

As a measure of financial performance, companies are asked to indicate whether their financial performance compared to six months ago was, *much worse, worse, unchanged, better or much better*. Based on their responses, a “Financial Performance Index (FPI)” score is then computed.

FPI scores above 100, indicate improved levels of financial performance, whereas scores below 100 indicate worse financial performance compared to six months ago.

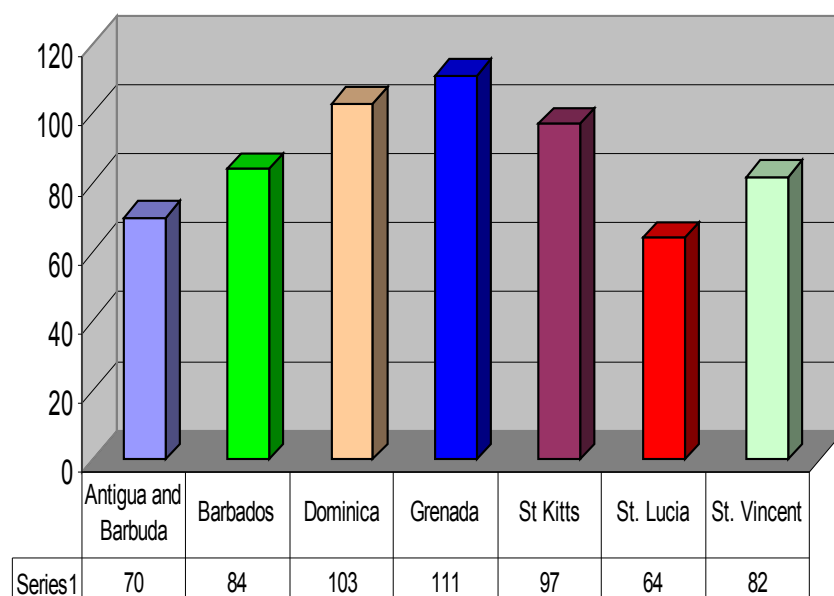
The FPI score for companies in Barbados and the OECS is 85, indicating that the financial performance of the majority of companies has worsened over the last six months. Despite the much publicized economic slowdown of the last year, the majority of companies in Grenada, Dominica and St. Kitts, report unchanged or improved financial performance over the last six months. However, the majority of companies in St. Lucia, Antigua, St. Vincent and Barbados report a worsening of financial performance. Companies in St. Lucia and Antigua report the most significant declines in financial performance, with nearly two-thirds of companies reporting a worsening of financial performance. See table 2 and figure 1 for a summary of these results.

Table 2: Financial Performance Compared to Six Months Ago

Country	Much Better / Better	No Change	Much Worse/Worse
Antigua and Barbuda	13%	24%	63%
Barbados	18%	26%	55%
Dominica	31%	36%	33%
Grenada	35%	46%	19%
St. Kitts	37%	20%	43%
St. Lucia	6%	30%	64%
St. Vincent and the Grenadines	18%	26%	56%

Figure 1

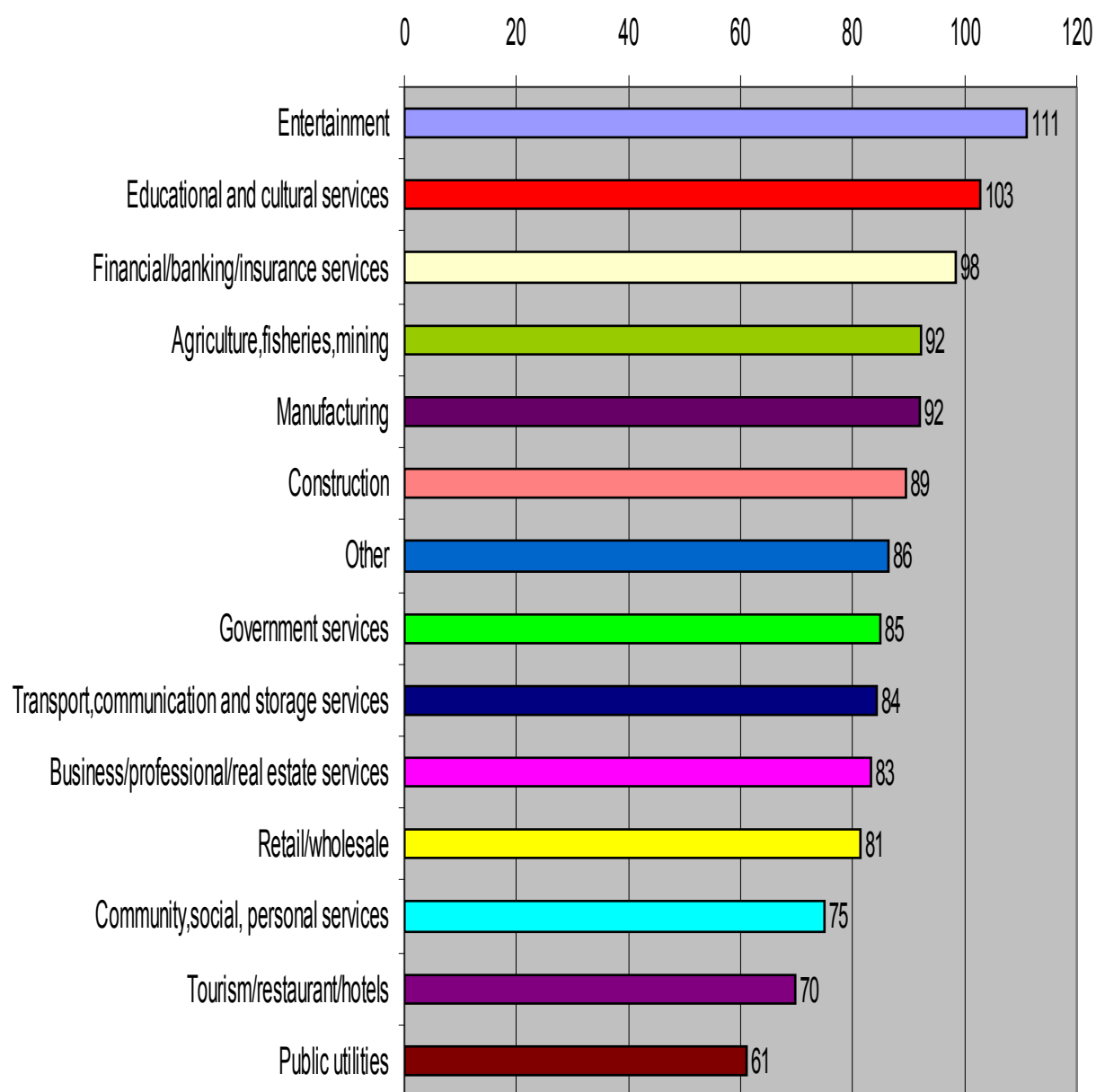
Financial Performance Index by Country



The decline in financial performance is evident across a broad variety of industries. The entertainment and education and cultural services industries have managed to weather the storm so far and report improved financial performance, whilst all other industries report a worsening of financial performance over the last six months. While the declines in construction, retail, wholesale and tourism related industries are to be expected, it is somewhat surprisingly that the *public utilities sector should report the most significant decline in financial performance*. See figure 2 for a summary of the results by industry.

Figure 2

Financial Performance Index by Industry



Financial Outlook:

The companies surveyed were then asked to indicate whether they expect their financial performance in the next six/twelve months to be, **much worse, worse, unchanged, better or much better** than current financial performance. Based on their responses, a “Financial Performance Outlook Index (FPOI)” score is computed. *FPOI scores above 100 indicate an expectation of improved levels of financial performance, whereas scores below 100 indicate an expectation of worse financial performance.*

The majority of companies in St. Kitts, St. Lucia, Dominica and St. Vincent expect the decline in financial performance to continue for another six months, while a majority in Grenada, Barbados and Antigua expect financial performance to improve over the next six months. However, the majority of companies in all countries expect financial performance to improve within a year. All industries, except for public utilities, expect financial performance to improve within a year, but the slump is expected to continue for another six months in the crucial construction, and tourism sectors. These results are summarized in Table 3.

Section 2: Investment and Employment Outlook

Investment Outlook:

In order to evaluate the investment outlook for Barbados and the OECS, companies are asked to indicate whether or not they have any major capital investments planned over the next six/twelve months. An “**Investment Outlook Index**”, is created based on their responses. *An index value greater than 100 indicates that the majority of companies have major capital investments planned over the next six/twelve months, while an index value less than 100 indicates that the majority of companies have no capital investments of any form planned for the next six/twelve months.*

The investment outlook for the corporate sector in Barbados and the OECS is bleak over the next six to twelve months. The survey results indicate that the majority of companies have no capital investments of any form planned over the next six or twelve months. These results translate to a six month Investment Outlook Index (IOI) score of 72 and a twelve month IOI score of 52. Companies in St. Kitts have the most optimistic investment outlook over the next six and twelve months with IOIs of 104 and 96 respectively, while companies in Grenada have the most pessimistic six month outlook with an IOI of 52, and St. Lucian companies the most pessimistic twelve month outlook with an IOI of 32. The bleak investment outlook affects all sectors with the exception of companies operating within the community/social/personal services, where a majority of companies have major capital investments planned for the next six months. These results are summarized in Figure 3 and Table 4.

Table 3
Financial Performance Outlook Index by Country and Industry

Country	Financial Outlook Index Scores (for the next 6 months)	Financial Outlook Index Scores (for the next 12 months)
Antigua and Barbuda	101	121
Barbados	113	129
Dominica	95	122
Grenada	115	117
St Kitts	92	118
St. Lucia	93	119
St. Vincent	96	120
Industry	Financial Outlook Index Scores (for the next 6 months)	Financial Outlook Index Scores (for the next 12 months)
Agriculture, fisheries, and mining	107	124
Educational and cultural services	107	118
Government services	93	107
Manufacturing	112	133
Financial/banking/insurance services	112	125
Public utilities	86	90
Retail/wholesale	98	120
Entertainment	106	123
Business/professional/real estate services	99	120
Construction	95	109
Transport, communication and storage services	95	117
Community, social, personal services	97	118
Tourism/restaurant/hotels	98	113
Other	113	137

Note. Index scores above 100 reflect optimism, whereas index scores below 100 reflect pessimism.

Figure 3

Investment Outlook Index by Country and Overall

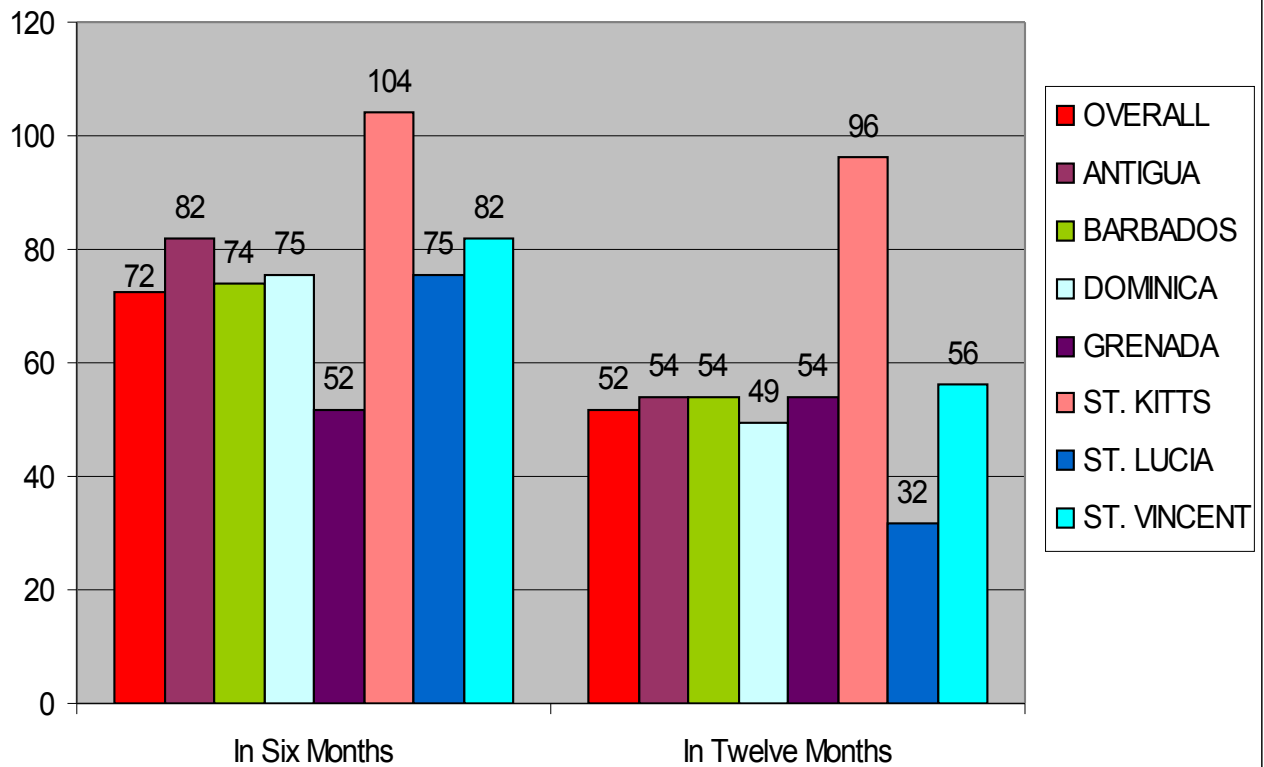


Table 4: Investment Outlook By Industry

Industry	Investment Outlook Index Scores (for the next 6 months)	Investment Outlook Index Scores (for the next 12 months)
Agriculture, fisheries, and mining	57	35
Educational and cultural services	64	44
Government services	30	21
Manufacturing	91	56
Financial/banking/insurance services	46	45
Public utilities	22	22
Retail/wholesale	80	53
Entertainment	52	28
Business/professional/real estate services	68	43
Construction	90	65
Transport, communication and storage services	100	74
Community, social, personal services	169	59
Tourism/restaurant/hotels	70	64
Other	57	45

Note. Index scores above 100 reflect optimism, whereas index scores below 100 reflect pessimism.

Employment Outlook:

To evaluate the employment outlook for Barbados and The OECS, respondents are asked to indicate whether they expect employment at their company to increase, decrease or remain unchanged over the next six months. Based on their responses, an *“Employment Outlook Index (EOI)”* is computed. An *EOI above 100 indicates an expected increase in employment, whereas an EOI below 100 indicates an expected decline in employment.*

The six month EOI for Barbados and the OECS is 108. This suggests that the majority of companies in Barbados and the OECS expect the level of employment in the corporate sector to remain unchanged or increase slightly over the next six months. This suggests that companies do not plan major layoffs, despite the fact that they have experienced worsening financial performance over the last six months, and expect financial performance to continue to worsen over the next six months. Companies in St. Kitts and Barbados are the most optimistic about employment prospects over the next six months, while companies in St. Lucia and Grenada are the most pessimistic. Across industries, companies in the financial and government

services industries are the most optimistic about employment prospects over the next six months, while companies in the community /social/personal/services and, transportation/communication/storage are the most pessimistic.

The twelve month EOI for Barbados and the OECS is 115. This suggests that the majority of companies in Barbados and the OECS expect employment to increase over the next twelve months, and they are more optimistic about employment prospects over a twelve month time horizon as compared to a six month horizon. Companies in Barbados and St. Vincent are the most optimistic about employment prospects over the next twelve months, while companies in Grenada and St. Lucia are the most pessimistic. Across industries, companies in the financial / banking /insurance services and government services are the most optimistic about employment prospects over the next twelve months. See figure 4 and table 5 for a summary of these results.

Figure 4

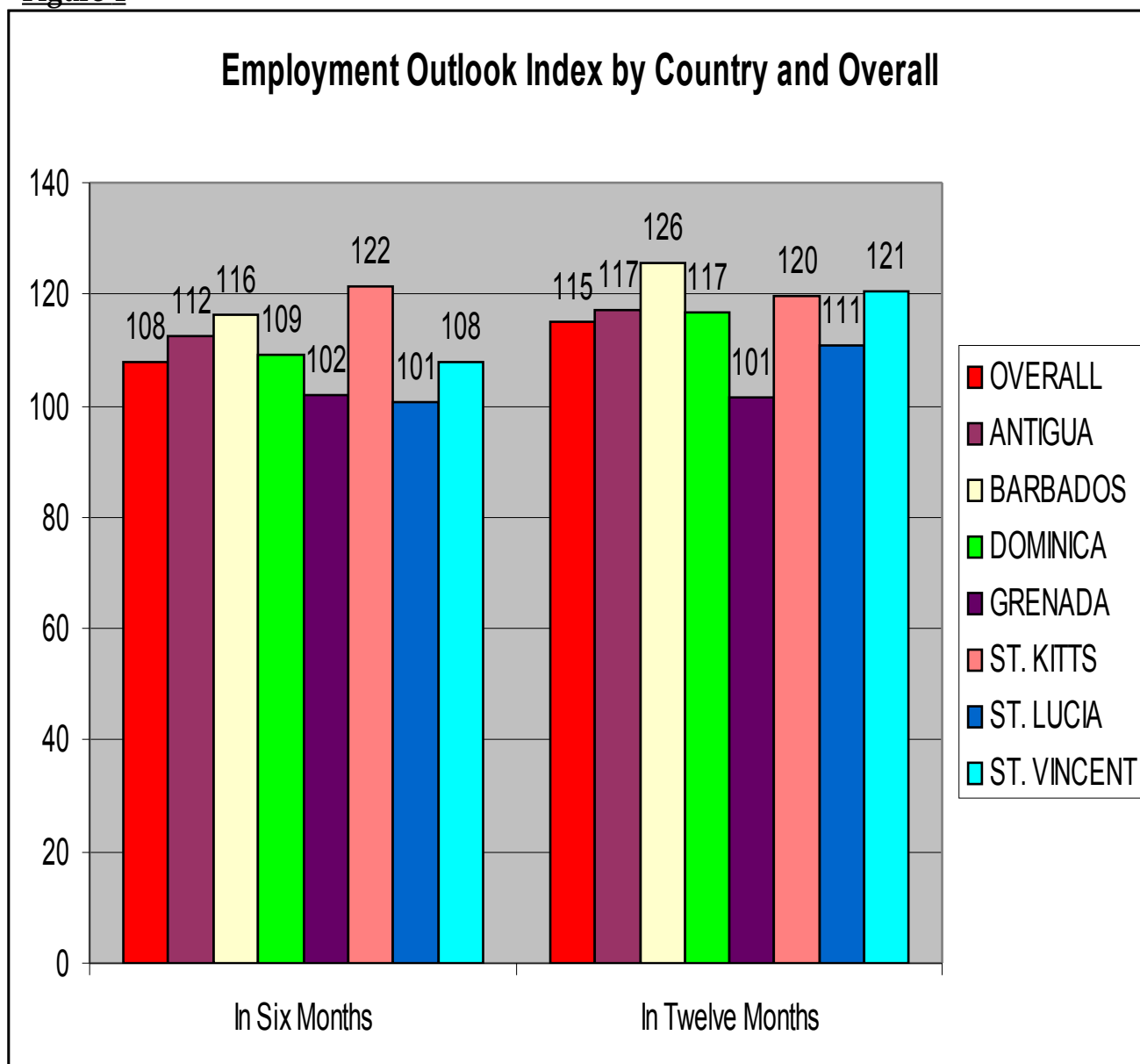


Table 5: Employment Outlook by Industry

Industry	Employment Outlook Index Scores for the next 6 months)	Employment Outlook Index Scores (for the next 12 months)
Agriculture, fisheries, and mining	114	120
Educational and cultural services	104	117
Government services	126	126
Manufacturing	117	117
Financial/banking/insurance services	126	129
Public utilities	118	118
Retail/wholesale	104	112
Entertainment	119	116
Business/professional/real estate services	99	111
Construction	111	122
Transport, communication and storage services	98	105
Community, social, personal services	95	102
Tourism/restaurant/hotels	101	104
Other	114	126

Note. Index scores above 100 reflect optimism, whereas index scores below 100 reflect pessimism.

Section 3: Economic Outlook

Companies are asked to indicate their outlook for the local and global economy over the next six/twelve months. Based on their responses, a “Local Economic Outlook Index (LEOI)” and a “Global Economic Outlook Index (GEOI)” are calculated. *An LEOI or GEOI above 100 indicates a positive outlook for the local (global) economy, whereas an LEOI or GEOI below 100 indicates a negative outlook for the local (global) economy.*

For Barbados and the OECS, *the six month LEOI is 103 and, the GEOI is 128.* The index scores suggest that companies in Barbados and the OECS, expect the local economy to remain largely unchanged for the next six months while they have a positive outlook for the global economy. Companies in Dominica, Grenada, and St. Kitts are the most optimistic about the prospects for their local economies over the next six months, whereas those in St. Lucia and St. Vincent are the least optimistic about the prospects of their local

economies over the next six months. In terms of the global economic outlook, the majority of companies in all countries expect the global economy to improve over the next six months, with companies in Barbados and St. Lucia being the most optimistic, while those in St. Vincent and Dominica the least optimistic.

For Barbados and the OECS *the twelve month LEOI is 109 and the GEOI is 118*. The index scores suggest that the majority of companies in Barbados and the OECS expect the local and the global economy to improve over the next twelve months. They are, however, more optimistic about the prospects for the global economy than their local economies. Companies in St. Kitts and Dominica are the most optimistic about the prospects for their local economies, while those in St. Vincent and St. Lucia are the least optimistic about the prospects for their local economies over the next twelve months. In terms of the global economic outlook, companies in Barbados, St. Kitts and Grenada are the most optimistic, while those in and St. Vincent, Dominica and Antigua are the least optimistic.

In terms of industries, manufacturing, government services and entertainment are the most positive about the prospects for the local economy over the next six months, while business/professional/real estate services, community/social/personal services and educational and cultural services are the least positive. Over a twelve month horizon, entertainment, construction and manufacturing are the most optimistic, while public utilities, business/professional/real estate services and tourism/restaurant hotels are most pessimistic. The results are summarised in Figure 5, and Tables 6.

Conclusion

Companies in Barbados and the OECS are currently feeling the effects of the global economic slowdown. This is reflected in a worsening of financial performance over the last six months across countries and sectors. Companies in the tourism and financial services dependent economies of Antigua, St. Lucia and Barbados are among the worst hit, whilst companies in the public utilities, tourism related and the retail and wholesale sectors are among the worst affected. Companies in the entertainment industry are the least affected. Residents of Barbados and the OECS appear to be partying despite the economic slowdown.

Unlike their international counterparts, companies in Barbados and the OECS appear disinclined to lay off workers as a means of responding to worsening financial performance. However, there appears to be a hold on investment, with the majority of companies report no major investments planned for the next six/twelve months.

Companies in Barbados and the OECS appear to expect the economic slowdown to last for another six months at least, but they expected improvements in the next twelve months. The prospects for improvement appear to be driven by an expectation that the global economy will recover in the next six to twelve months.

Figure 5

Economic Outlook Index by Country and Overall

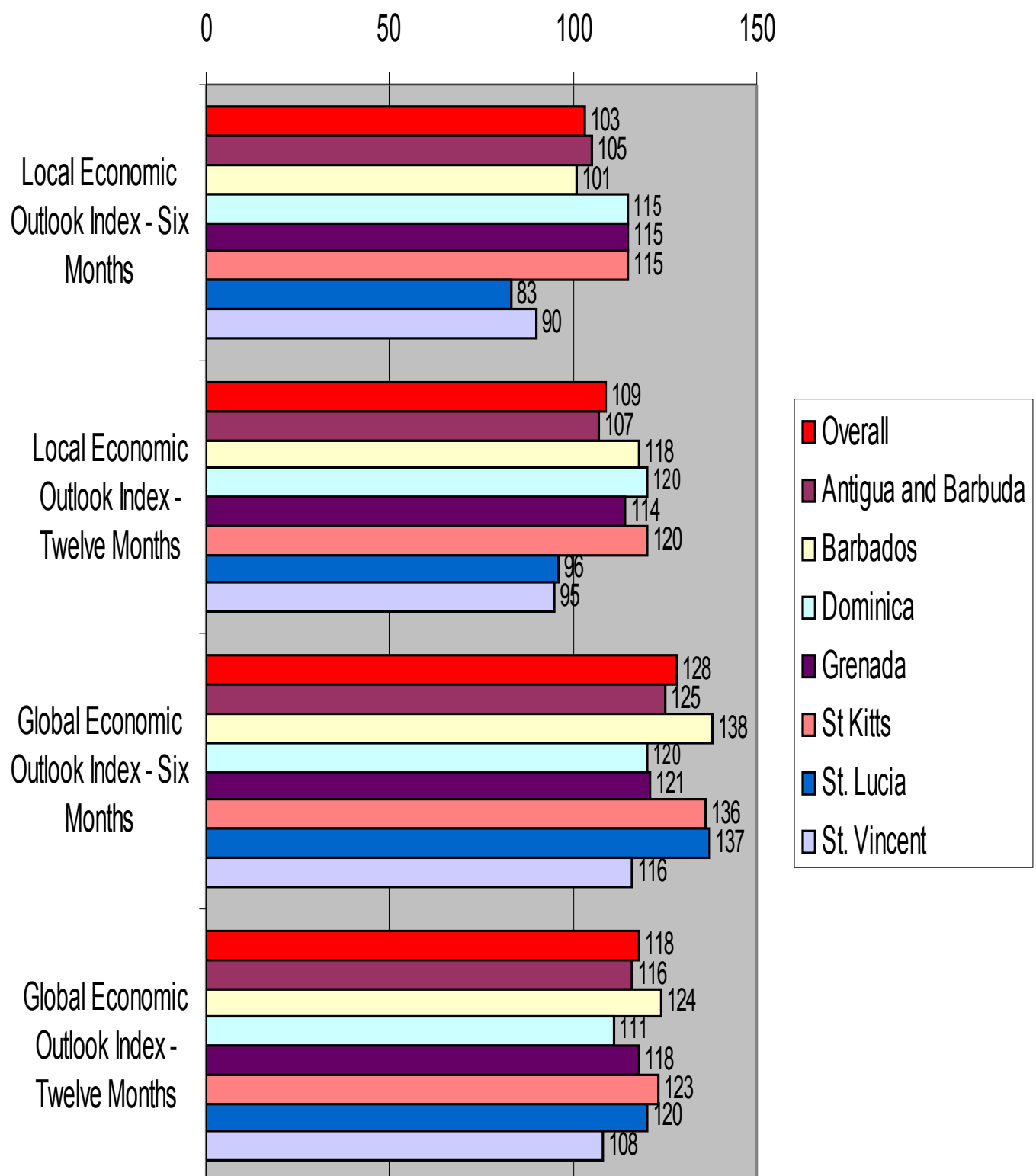


Table 6
Local Economic Outlook Index by Industry

Industry	Local Economic Outlook Index Scores (for the next 6 months)	Local Economic Outlook Index Scores (for the next 12 months)
Agriculture, fisheries, and mining	101	111
Educational and cultural services	93	104
Government services	109	115
Manufacturing	112	119
Financial/banking/insurance services	102	105
Public utilities	60	82
Retail/wholesale	108	108
Entertainment	109	127
Business/professional/real estate services	91	97
Construction	101	121
Transport, communication and storage services	106	108
Community, social, personal services	91	102
Tourism/restaurant/hotels	99	102
Other	117	120
Industry	Global Economic Outlook Index Scores (for the next 6 months)	Global Economic Outlook Index Scores (for the next 12 months)
Agriculture, fisheries, and mining	124	116
Educational and cultural services	120	115
Government services	136	127
Manufacturing	139	130
Financial/banking/insurance services	136	124
Public utilities	132	127
Retail/wholesale	125	115
Entertainment	131	116
Business/professional/real estate services	131	113
Construction	122	121
Transport, communication and storage services	126	115
Community, social, personal services	132 12	115
Tourism/restaurant/hotels	120	114
Other	133	125

